



Gunmen at Arab University In Hebron Kill 3, Injure 33

The Associated Press

TEL AVIV — Masked assailants killed three Arabs and wounded 33 Tuesday in an attack in the West Bank town of Hebron, and Israeli troops reportedly shot an Arab woman to death during anti-Israel disturbances later in Nablus.

The day's death toll was the highest in several years in the West Bank, surpassing the three killed in March 1982 by Israeli troops suppressing Arab riots. The assault was the worst premeditated attack since the summer of 1980, when car bombs maimed two radical Palestinian mayors and narrowly missed a third.

Hebron and part of Nablus were put under curfew as Israeli authorities tried to prevent further violence. The army and Jewish settlements were put on alert, and troop reinforcements were flown to potential trouble spots.

The military command said soldiers used tear gas to disperse a crowd of Arabs outside the hospital in Hebron after the shooting there, and the demonstration in Nablus turned violent, with one soldier slightly wounded by a thrown rock.

Israel radio said the woman killed in Nablus apparently died

from a soldier's bullet as the army broke up the riot. The military command said it only knew that a woman died in a hospital in Nablus but it did not have a report on how she was killed. A second woman was wounded.

The military command said the attackers drove onto the grounds of Hebron University in a car and

Eight years of violence has spawned thrivers among Beirut's survivors. Insights, Page 7.

were armed with Kalashnikov automatic rifles. They also said one of the attackers threw a grenade during the assault.

There was no immediate claim of responsibility, but Jewish settlers in the past have vowed to avenge Arab attacks on Jews in the city. A Jewish seminary student was stabbed to death by Arabs in Hebron three weeks ago.

Israeli troops threw up roadblocks around the area to try to capture the assailants, and a curfew was imposed on the center of Hebron, the command said.

The teacher said he was told the attackers drove away and escaped. He said he was told the attackers

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Justice Minister Moshe Nissim was quoted on Israel radio as saying the attack should be "unreservedly condemned." The army commander in the area, Major General Uri Orr, visited the university after the shooting and condemned the attack; the state radio said.

Reporters and photographers who tried to enter the city, 20 miles (32 kilometers) south of Jerusalem, were turned back.

A teacher at the university who heard the attack said he had heard the explosion of "at least two grenades" while the gunmen were in the campus.

The teacher gave only his first name, Sami.

"When they got into the campus they just started shooting," Sami said by telephone. "They went into the classes and shot and threw bombs."

He said he was driving up to the campus and had just parked his car when he heard gunshots and explosions, and he took cover and did not see the attackers.

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Israel's defense minister, Moshe Arens, left, and Foreign Minister Yitzhak Shamir, at Washington's National Airport on arrival Tuesday for talks on withdrawal from Lebanon.



The Associated Press

Military Plans Appear to Limit Options of U.S. Central America Panel

By Philip Taubman

New York Times Service

WASHINGTON — By approving plans for a major increase in U.S. military involvement in Central America, President Ronald Reagan appears to have narrowly defined the role of the commission he appointed last week to develop long-range policy options

Administration officials acknowledge that the increase in U.S. military activities may deepen U.S. involvement to such an extent that it would be difficult to revise policy even if the commission so recommends. The increase includes large-scale exercises beginning next month, preparation for a possible partial blockade of Nicaragua and plans for stepped-up covert operations against the Sandinist government in Nicaragua, along with the planned construction of a major U.S. military base in Honduras.

But the officials, like the commission's chairman, former Secretary of State Henry A. Kissinger, contend that most policy options will be open when the panel completes its report, probably early next year. Mr. Kissinger said Monday that he "doubted anything 'irreversible' would happen before then."

The administration's recent decisions have also caused alarm and confusion in Congress, where U.S. covert activities in Nicaragua face a critical test vote in the House this week, and even within the administration itself.

Administration officials, for example, said Monday that U.S. ambassadors in Central America had sent a stream of cables to the State Department in recent

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days inquiring about policy changes and complaining that they first heard about the planned military exercises in news reports.

Senator Gary Hart, a Colorado Democrat who is seeking the 1984 presidential nomination, said military officers had privately contacted members of the Senate Armed Services Committee recently to express concern about the direction of U.S. policy.

These and other effects of the administration's move toward an expanded U.S. military role in Central America were not intended.

When senior officials conducted a review of policy earlier this month, they set two main objectives: reas-

suring Congress and the public that Mr. Reagan was pursuing a firm but flexible policy in Central America while sending a clear message to the Soviet Union, Cuba and Nicaragua that Washington was prepared to use force if necessary to protect its interests in the region.

To achieve those objectives, officials planned to announce the formation of the special commission but not immediately publicize the plans to increase U.S. military activity. Highly classified plans outlining the military activities called for developing a public relations strategy that would permit the administration to control their disclosure in a manner that would lessen the impact in the United States while intensifying it in Central America.

The administration views the vote as an important test not only of its effort to use paramilitary action against Nicaragua but also of congressional support for its overall Central America policy. The House appears to be almost evenly divided on the Boland-Zablocki bill, but supporters said Monday that the disclosure of administration plans to increase covert operations in Central America had alarmed some undecided members.

The potential conflict between the mandate of the

the administration's hopes of reassuring Congress about the importance attached to nonmilitary aid and negotiations and blunting its efforts to influence House consideration of legislation to cut off covert U.S. support to Nicaraguan rebels.

House debate on the legislation, which is named after its two chief Democratic sponsors, Edward P. Boland of Massachusetts, the chairman of the House Intelligence Committee, and Clement J. Zablocki of Wisconsin, the chairman of the House Foreign Affairs Committee, was scheduled to begin Tuesday, with a final vote possible before the end of the week.

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(Continued on Page 2, Col. 1)

Kissinger Aims to Avoid 'Vietnam Type of Crisis'

By Lou Cannon

Washington Post Service

WASHINGTON — Henry A. Kissinger returned to the State Department as architect of the Reagan administration's long-range strategy in Central America and said the newly created national commission on the region "will try to make its contribution to avoid another Vietnam type of crisis."

"I think it is imperative that we avoid the bitter debates that characterized the Vietnam period, and also that we avoid the same kind of uncertainty about objectives and about what was attainable that characterized so much of the period," Mr. Kissinger said Monday in a news conference at the department where he served as secretary of state during the Nixon and Ford administrations.

President Ronald Reagan last week named Mr. Kissinger, once his favorite target as a symbol of U.S. foreign policy failures, to head the 12-member National Bipartisan Commission on Central American Affairs.

Mr. Kissinger said Monday he took the post "with considerable reluctance after turning it down several times, when the president

called me and said he had no second choice." Because he had served as secretary of state, Mr. Kissinger said, he felt he did not have a right to refuse the president.

The Senate majority leader, Howard H. Baker Jr., Republican of Tennessee, who had lunch with the president Monday, complimented Mr. Reagan for making the appointment, and said that Mr. Kissinger was highly motivated to produce a long-term report that could chart Central American policy.

"I think that Henry certainly wants to succeed," Mr. Baker said. "I think he sees it as an opportunity to define a new role for himself, an opportunity for a former secretary of state to become a world diplomat."

On Sunday, Senator Daniel Patrick Moynihan, Democrat of New York and vice chairman of the Senate Select Committee on Intelligence, was scornful of the commission concept. "When has foreign policy been made by a commission? That's what you have a secretary of state and president for," he said.

The point is a sensitive one to the White House and Mr. Kissinger, who at his news conference took pains to deny that he was supplanting Secretary of State George P. Shultz in the formation of U.S. policy in Central America.

Mr. Kissinger announced that the commission's purpose was to make recommendations "about long-range and middle-range objectives in Central America" and that it would "not deal with current operational issues." Mr. Kissinger said the commission would report Feb. 1, two months later than the deadline given by Mr. Reagan in his announcement, and he said it would cease to function after it makes its recommendations.

"I am not taking over Central American policy," Mr. Kissinger said in response to a question.

However, administration officials predicted that he might inevitably become involved in current policy. "He's always been available to give advice and it's reasonable to think he would continue to be," an official said.

Kissinger Rejects Criticism

Mr. Kissinger on Tuesday rejected suggestions that the rapidly developing U.S. involvement in the region would mean that the commission's report would come too late to make a difference, United Press International reported from Washington.

The Pentagon said Monday that U.S. combat troops will join Honduran forces in maneuvers that will involve as many as 4,000 Americans. Navy sources said an eight-battle group has arrived on some 100 miles (160 kilometers) of the Central American coast in a show of force in the region. Mr. Reagan denied at an informal news conference Friday that he was gauging in "gunboat diplomacy" what was trying to depose the Sandinista government in Nicaragua.



The Associated Press

In El Salvador, a soldier of the U.S.-trained Atlacatl battalion, in camouflage paint, after an anti-guerrilla drive.

Reagan to Defend His Latin Policy

United Press International

WASHINGTON — President Ronald Reagan scheduled a Tuesday night news conference to answer questions about the fleeing of U.S. military muscle in Central America. The United States is planning naval exercises and military maneuvers involving U.S. and Honduran combat troops to step up pressure on Nicaragua.

A White House aide said the news conference would provide an opportunity for Mr. Reagan to put Central America in perspective. He expressed concern that there's been a great deal of hype in the last few days" about Central America and said Mr. Reagan believes it's "necessary to get the facts out."

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By Alan Cowell

New York Times Service

TANANARIVE, Madagascar — The late Uncle Rakoto, a guidebook says, may begin feeling restless, neglected or just lonely, and will communicate this to relatives, possibly by way of a dream.

In response, the relatives will arrange a party, dressing him in silk, parading him through the town, drinking to his health and bringing him up to date on the gossip. Then they will put him back in his tomb until he calls for them again.

To be an ancestor, the guidebook, called "A Glance at Madagascar," says, is to join the ranks of "those beings now passed on but who remain an integral part of the Malagasy family and continue to exercise enormous power and influence."

It may have started, a sociologist said, with a custom of burying the dead first in one sepulcher, and then moving the body a few years later, wrapping the bones anew in a shroud. Later, the celebration, a joyous event, became scheduled. Save them for Friday, a propitious day in all respects.

The taboos, called *fadys*, also dictate that a person coming from the north should avoid the west side of a house, that he should walk instead along the east side and come to the door from the south.

The taboos and the reverence for the dead continue, undiluted by the passing of time or the incursions of missionaries who began the Christianization of the Malagasy. Of the current population of 10 million, about half are listed as Christians.

of some violation of the ancestral customs or taboos."

The taboos of this capital, which is encircled by swamps and paddy fields that press against its hills, are many.

Each house, according to a widespread belief, contains a corner for spirits where the north and east walls come together.

Within the walls, too, there are said to be vectors of fate that change with the shifting of the moon, angles of destiny chronicled by astrologers who decided long ago that some days are auspicious and good for nothing and best left alone.

Tuesday, in particular, is a day with little to recommend it, a day on which no funerals, weddings or work of a serious nature should be scheduled. Save them for Friday, a propitious day in all respects.

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The taboos and the reverence for the dead continue, undiluted by the passing of time or the incursions of missionaries who began the Christianization of the Malagasy. Of the current population of 10 million, about half are listed as Christians.

In 1818, the London Missionary Society sent teachers who translated the Bible into Malagasy, a language that had not been written in Roman characters.

King Radama I, part of a monarchy destroyed by the French 77 years later, allowed the missionaries to go about their work. But his widow, Queen Ranavalona I, had Christians burned 200 yards down from her hilltop palace. The palace, built by a French architect, still flowers over the capital.

Today once-forgotten taboos coexist with beliefs that grew before outside intrusion. A priest or pastor will, for instance, be invited to join Uncle Rakoto's party, blessing the bones before they are replaced in the family sepulcher.

Supersitions introduced by missionaries also have lingered, according to some accounts.

In the 19th century, when Jesuits were pitted against Freemasons, word was spread that the Masons were headed by a beast that fed on human blood and hearts. Thus, according to the story, the *mpakafy*, or heart-taker, usually a foreigner, would stalk the villages for voluntary donors.

Recently an American here recounted how some village children had fled at his approach, believing him to be the *mpakafy*. He had been denounced as a heart-taker by a man with whom he had been at odds over onion-growing rights.

Moscow Grants Autonomy in Some Ministries To Raise Output

By John F. Burns

New York Times Service

MOSCOW — The Soviet leadership announced Tuesday a package of experimental economic changes designed to show the way to revitalize the country's most stagnant industry lies through greater autonomy for individual plants.

An announcement in Pravda said that beginning Jan. 1 factory managers in selected industries would have wider authority over their budgets, with discretion in matters of investment, wages, bonuses and profit retention that previously had been tightly regulated through the central planning process in Moscow.

In addition, a major effort to spur technological innovation is to be made by loosening bureaucratic controls on the introduction of new technology.

Managements will have new leeway to reward innovative engineers and workers, and will have access to additional state subsidies.

Perhaps most important, the complex criteria by which factory performance is measured are to be simplified to emphasize a plant's ability to produce goods that sell, particularly in foreign markets.

The move will mean lower priority being given to overall output, the hitherto dominant measure that has led to the production of large quantities of goods of indifferent or shoddy quality.

Pravda said that the Kremlin's goals in introducing the measures included stimulating higher labor productivity, currently running at a fraction of comparable Western rates.

The newspaper said the leadership hoped to spur "enterprise, initiative and technical progress" and "to heighten each factory's responsibility for the end results of its work."

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Soviet Assesses Safety of Nuclear Industry

By John F. Burns
New York Times Service

MOSCOW — A debate about safety and engineering standards in the Soviet nuclear power industry has come into the open after a rebuke by the ruling Politburo to officials responsible for "gross violations of state discipline" at a reactor-manufacturing plant.

The severity of the censure and the fact that it was followed by the establishment of a new government agency to monitor nuclear-plant

safety have been taken by some Western analysts as indications that there may have been an undisclosed accident. [Western news services considered a July 20 report in Pravda as an announcement that a serious accident had occurred.]

However, there is no hard evidence to suggest that the censure of the managers of the reactor-fabricating plant, known as Atomnash, or the visit there last week by Vladimir I. Dolgikh, the party secretary who supervises heavy industry, has any such dramatic explanation.

Some diplomats think it possible that the leadership became exasperated with shoddy engineering practices and construction delays at Atomnash, which is the key to Soviet plans for nuclear power expansion.

Those favoring the accident theory say radical public steps of the kind ordered in the last 10 days are commonly taken only when a major event forces the Politburo's hand. In addition, they cite a passage in Mr. Dolgikh's speech at Volgodonsk, the Don River city

where Atomnash is situated, in which he attacked the plant management for "failing to ensure the accident-free operation" of the plant's "service infrastructure."

In any event, the Kremlin's actions indicate that a shake-up in the industry is under way and that safety problems are to get a serious airing, perhaps for the first time. For two decades after the Soviet program of civilian nuclear power began in the mid-1950s, the official line on safety was that it was a problem only in the West.

Although some Soviet scientists have urged a more cautious approach to nuclear power and have won concessions, such as the decision to place containment structures around future reactors, the official line continued to follow the pattern set by an Atomnash engineer who said in 1980 that, if a hundred Soviet reactors operated for a thousand years, there would be only one minor accident in a time.

Even now, there is little indication that the Kremlin is prepared to sacrifice speed in its nuclear power program. Although safety was a major theme of Mr. Dolgikh's speech, more emphasis was given to the need for getting plant construction back on track.

About 7 percent to 8 percent of Soviet electricity is now generated at nuclear plants compared with 12 percent to 13 percent in the United States and 20 percent in Japan.

Almost all of the additional electrical power planned for the rest of the century in the European part of the Soviet Union is to come from nuclear plants. Under the current five-year plan, running to 1985, the Atomnash plant is scheduled to increase output to six reactors a year.

But two years after the first reactor was due for completion, it has not been commissioned. The assembly line is snarled by design and engineering foul-ups, as well as supply shortages.

The Politburo ordered that officials responsible be "strictly disciplined," probably meaning that they would be demoted or transferred. Mr. Dolgikh, an engineer who caught the Kremlin's eye with his successful management of the Norilsk nickel and platinum complex in northern Siberia, said the name of Atomnash should be a guarantee of "impeccable quality and reliability."

But, he said, the management there had "for a number of years failed to observe approved technological procedures" and had permitted "gross deviations" from design requirements. He ordered the management to "draft and carry out as soon as possible a package of measures aimed at mitigating the consequences of their mistakes."

China's increasing exposure to foreign business contacts has frequently been blamed for a rise in corruption, and an editorial Tuesday in the Economic Daily newspaper said: "To concentrate only on the bad outside influence and ignore the inner problems is wrong and dangerous."

U.S. Maneuvers Appear to Limit Panel

(Continued from Page 1)
Kissinger commission and the immediate military actions approved by the White House also produced more general problems for the administration in Congress.

For longtime critics of the administration's policy, such as Senator Christopher J. Dodd, Democrat of Connecticut, the military moves heightened concern that the United States may be heading toward the use of combat forces in Central America. Senator Dodd, a member of the Senate Foreign Relations Committee, has asked the panel's chairman, Charles H. Percy, Re-

publican of Illinois, to schedule an urgent committee meeting with Secretary of State George P. Shultz.

For less outspoken members of Congress, the combination of the Kissinger commission and the military plans appeared to crystallize opposition to the administration's policies. For example, the Senate minority leader, Robert C. Byrd of West Virginia, who is usually reluctant to oppose presidents on foreign policy matters, said last week that the commission "could represent a smokescreen for the administration to get its way on the issues developing in Central America."

For the commission itself, the momentum of military action may preclude certain policy options, or at least make it more difficult for the administration to adopt diplomatic and political initiatives proposed by the panel.

There is concern that the range of military actions being undertaken will overshadow future proposals for social and economic aid and that the heavy emphasis on military moves will be perceived as the core of administration policy.

Some administration officials also say that the imposition of a partial naval blockade of Nicaragua, to stop the shipment of Soviet and Cuban military supplies through Nicaragua to guerrillas in El Salvador, would represent a major increase in military hostilities in the region and could place U.S. forces in confrontation with Soviet merchant vessels.

They say that the strengthening

Tornado in France Kills 4

NIORT, France — A tornado hit camping sites in western France during the night, killing four campers and injuring three, police said. They said the tornado swirled through the area just south of Niort for 30 minutes, ripping up hundreds of trees and tossing camping vans several meters.

On this day, July 27, 1983 which commemorates the third year of the demise of my dear brother the Shahanshah of Iran, Iranians everywhere will remember in him a patriotic and progressive Sovereign, who was essentially committed to the well-being of his people and to the prosperity of his nation.

In Memory of MOHAMMAD REZA PAHLAVI SHAHANSHAH OF IRAN

On this day, July 27, 1983 which commemorates the third year of the demise of my dear brother the Shahanshah of Iran, Iranians everywhere will remember in him a patriotic and progressive Sovereign, who was essentially committed to the well-being of his people and to the prosperity of his nation.

Iranians will remember in him a Sovereign whose lofty goals were to carry his country in less than a generation from feudalism and anarchy to the front ranks of the developed nations of our planet, who was for the community of nations a friend, and to the entire world an element of peace and stability.

On this day many are those who will recall that just a few years ago Iran was a peace-seeking, modern and progressive nation whose people enjoyed freedom, prosperity and the benefits of one of the highest living standards in the Middle East. Today, four years after the departure of the Shah, who for the sake of his people refused to have one drop of Iranian blood shed and made the ultimate sacrifice by leaving his beloved country, war, terror and repression reign supreme over Iran. Today, Iranians, deeply disillusioned by a medieval tyranny wearing a clerical garb, barely survive a precarious, joyless and humiliating existence.

In an era and universe which demands from whomever wants to survive both progress and development, let us remember that the Shahanshah of Iran in his mission to transform Iran into one of the dynamic societies of the world deeply believed that "while looking towards the future, Iran should always be inspired by the genuine and eternal virtues of its civilization." For my brother, a man could only accomplish his mission through the fulfillment of the creative will of God and all that is symbolic of Light and perfection as opposed to darkness and destruction which are expressions of evil.

Today as the clouds of evil are rolling over the nation, our mighty achievements in all fields seem to have vanished. Iran has become a torn and bleeding nation, a nation in utter ruins and despair, ruled by backward bigots whose only claim to development is the ever-increasing expansion of cemeteries to be filled by those who have been executed or who have fallen victims to a senseless war.

However, war, hatred, vengeance and massacres unleashed presently by a devilish regime can never serve the cause of Iran or Islam whose true tenets teach us justice, goodness and forgiveness! Those who amidst international silence are terrorizing our country for fear of being overthrown by an angry nation know that the Light will reappear and that the day of reckoning cannot be escaped.

And as the Light will reappear so will a prosperous Iran nourished by the values, creations, thoughts, talents and effort of its people. A people from whose trials, said the Shahanshah in his last message, will be reborn both spiritual and material victories.

Following years of terror, destruction, repression and chaos Iranians have come to realize that only through a unified front based on the principles of the democratic Constitutional Monarchy of Iran can they forge ahead beyond internal rivalries and face the national momentous task of reconstruction and progress.

I pray for all my compatriots, from every belief and walk of life, to unite and work hand in hand in order to dispel the clouds of evil and bring to an end a repressive theocratic regime which has no respect for human life, let alone for human dignity and human rights.

ACHRAF PAHLAVI
12 Avenue Montaigne,
Paris 75008, France.



The Associated Press
Police clashed with demonstrators in Santiago de Compostela after a visit by King Juan Carlos I.

Spanish Flags Burned in Galicia As Anti-Madrid Protests Continue

Reuters

MADRID — Two Spanish flags were burned Tuesday in northern Galicia, the latest episode over the national colors. The protests have included violent demonstrations in the Basque country as well as Galicia.

The burnings took place in Vigo. On Monday, in Santiago de Compostela, nine policemen were injured and seven demonstrators arrested as Galician nationalists fought with police during a visit by King Juan Carlos I.

More than 700 have been hurt in five days of clashes between demonstrators and police in the Basque country. The flag burnings followed an action three weeks ago by a Basque municipal council, which sent a Spanish flag back to Madrid, calling it "unwelcome."

The king, speaking in Santiago de Compostela, condemned such attacks and declared: "The flag represents our unity and the sum of our history; we cannot tolerate its desecration."

Gunmen at Arab University In Hebron Kill 3, Injure 33

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said nothing during the shooting spree.

The university, on the northern edge of Hebron, was still in session for the regular school year as students were completing the spring semester, which was extended because of time lost during disturbances in Hebron. Sami said final exams were to be held next week.

Hebron has been troubled by Arab-Jewish tensions and violence for weeks. A Jewish seminary student was stabbed to death in the center of Hebron on July 7 by Arabs, and Israeli settlers who live in the city demand firmer action by Israeli troops against terrorist threats.

Last weekend 3,000 Israelis demonstrated in Hebron against the government's plan to put 500 Jewish families into the center of the city of 70,000 Palestinian Arabs in order to revive the ancient Jewish Quarter.

In May 1980, six Jewish seminary students were killed in Hebron, and the next month came the mutilation of Arab mayors in the West Bank towns of Nablus and El Bireh. No arrests were made in the bombings.

■ Rebels Said to Gain Ground
Rebel forces were reported to be gaining ground on Yasser Arafat's loyalists Tuesday in the fourth consecutive day of battle between rival Palestinian guerrilla factions in eastern Lebanon, Reuters reported from Beirut.

The latest round of fighting subsided after about 1,000 local people staged a protest march to the scene of the clashes to call on the combatants to lay down their arms, local radio correspondents reported.

Beruit radio said six persons were wounded in the clashes, which centered on villages near the strategic crossroads town of Shatila in Lebanon's eastern Bekaa Valley.

The mutiny was instigated May 7 by several officers in Mr. Arafat's al-Fatah faction, who contend that he has mismanaged the war with about the level of warheads.

The Soviet refusal to accept either zero or low, or equal limits exposes the political nature of the Soviet position and the responsibility of the Soviet Union for delaying progress toward an equitable agreement, Mr. Burt said.

The NATO delegates also discussed the probability of a "hot autumn" of anti-missile demonstrations in Western Europe as the deployment deadline for the Pershing-2 and cruise missiles grows near.

There was a strong consensus, however, that the protests will not pose insurmountable problems to NATO's intentions to station missiles in Britain, Italy and West Germany if no compromise is achieved in Geneva.

A few allies, such as Britain, suggested that the peace movement has already peaked and has begun to lose many of its anti-missile supporters.

The NATO delegates are expected to reconvene in early September to discuss strategy for negotiations before the crucial final round opens in Geneva on Sept. 6.

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WORLD BRIEFS

EC Fails to Set North Sea Fish Quota

BRUSSELS (Reuters) — European Community ministers failed to resolve a row over North Sea herring quotas, precipitating a total fishing ban that includes Norway, which is not a member of the EC, officials said Tuesday.

They said an angry response was expected from the Norwegians, who will be effectively excluded from fishing for herring in most of the North Sea until Common Market ministers resume discussions in October. A last-minute attempt to give Norway an interim quota was defeated in a vote they voted.

After the failure to agree on herring, the ministers tried to get agreement on allocations for other species. But officials said that Denmark blocked discussions, saying no accord was possible until the herring dispute is resolved.

MX Backer Admits Its Vulnerability

WASHINGTON (WP) — A key supporter of the MX missile, in debate on the Senate floor, has conceded that the vulnerability of the weapon's basing system but said the MX is nonetheless essential to progress on arms control.

Senator John G. Tower, Republican of Texas and chairman of the Armed Services Committee, acknowledged that the missile's planned deployment in existing Minuteman missile silos makes the huge 10-warhead weapons vulnerable to Soviet attack, but said the United States did not "seem to have much in the way of a timely alternative."

His statement came Monday as the Senate prepared to vote Tuesday on authorizing \$2.5 billion in production funds for the first 27 missiles. Some leading MX critics conceded that they would lose, at least in the round.

U.K. Court Upholds Ban in Laker Suit

LONDON (AP) — An appeals court upheld Tuesday a government order banning British Airways and British Caledonian from giving evidence in a \$1.7-billion antitrust suit brought by the now-defunct Laker Airways in the United States.

Judge Sir John Donaldson said "to allow Laker to proceed with its claim in these circumstances would amount to a total denial of justice" to the two British airlines. He said the appeals court was not denying the right of U.S. courts to try the complaint, but said the issues raised by Laker were "wholly untrivial."

Christopher Morris, Laker's liquidator, said he would consider appealing the case to a panel of law lords in the House of Lords. Laker alleges that the two British carriers conspired with six other airlines to drive Laker out of business.

U.S.-Soviet Talks on Grain ResUME

VIENNA (AP) — Negotiations resumed Tuesday on the sale of American grain to the Soviet Union, with U.S. farm surpluses and projections of a good Russian harvest strengthening the Soviet bargaining position.

According to reports from Washington, the United States had hoped for a contract committing the Russians to buy at least 16 million metric tons of wheat and corn per year. The Soviet Union, sources said, is seeking an agreement similar to the current one, which requires the Russians to buy six million metric tons each year. The current contract expires Sept. 30.

Reports from Europe and the United States say the Soviet Union, which imports an average of 32 million tons of grain a year, is expecting a bumper harvest. At the same time, the United States estimates 150 million tons of grain reserves, and farmers are seeking increased exports.

Marcos Allows Envoy's Wife to Leave

MANILA (Reuters) — President Ferdinand E. Marcos allowed the journalist wife of the Swedish ambassador to leave the Philippines Tuesday despite the fact that she faces an arrest warrant over a libel suit.

But the official who signed the papers Tuesday clearing the way for the departure of the ambassador, Bo Kalfors, and his wife, Sheila Ocampo-Kalfors, called their marriage invalid. The Philippines does not recognize divorce for its citizens. Mrs. Kalfors, who recently acquired Swedish citizenship, previously was married to a Filipino journalist now in detention.

Army officers brought a 25 million peso (\$2.7 million) suit against Mrs. Kalfors because they said she libeled them by writing in the Hong Kong-based Far Eastern Economic Review that the army had shelled a central Philippines village in a counterinsurgency operation, killing 200 people, which the army denied.

NATO Spurns Bonn's Call

(Continued from Page 1)

it is widely believed that West Germany would be compelled to accelerate the stationing of cruise missiles to preserve political ties with Britain and Italy as the first states to deploy new missiles.

The allies Tuesday sought to place blame for the deadlocked negotiations on Soviet intransigence. They cited Moscow's failure to respond to a range of interim solutions proposed by the United States at the latest round in Geneva.

Mr. Burt said the United States introduced a new draft treaty offering various possible levels of warheads, ranging from 50 to 450 on each side.

He said Mr. Nitze did not address in his proposals what kind of combination of Pershing and cruise missiles were involved, because "the Soviets were unprepared to engage in serious discussions" about the level of warheads.

The Soviet refusal to accept either zero, or low, or equal limits exposes the political nature of the Soviet position and the responsibility of the Soviet Union for delaying progress toward an equitable agreement, Mr. Burt said.

The NATO delegates also discussed the probability of a "hot autumn" of anti-missile demonstrations in Western Europe as the deployment deadline for the Pershing-2 and cruise missiles grows near.

There was a strong consensus, however, that the protests will not pose insurmountable problems to NATO's intentions to station missiles in Britain, Italy and West Germany if no compromise is achieved in Geneva.

A few allies, such as Britain, suggested that the peace movement has already peaked and has begun to lose many of its anti-missile supporters.

The NATO delegates are expected to reconvene in early September to discuss strategy for negotiations before the crucial final round opens in Geneva on Sept. 6.

France Arrests Armenian Spokesman

PARIS (Reuters) — A Paris-based Armenian activist, Ara Torosian, was arrested Tuesday in connection with the bombing that killed seven persons and injured nearly 60 at Orly Airport 11 days ago, according to the French Interior Ministry. Ministry spokesmen would give no reason for the arrest, but the

A Third World Gamble on High Tech

Brazil Battles the Odds for a Share of Computer Bonanza

By Jackson Dichl
Washington Post Service

SAO PAULO — For the past 18 months, Pedro Savadovsky has cloistered himself in an old two-story house here and faced the video screen of a Brazilian-built computer and wrestled with one small slice of his country's dreams of development.

Mr. Savadovsky is one of Brazil's brightest young computer wizards.

His task is to create a package of computer programming or software, so skilled that it matches the best efforts of the best laboratories in the multimillion-dollar international industry.

It is not an idle ambition. Mr. Savadovsky's software will be bought by a Brazilian company that is supplying one of the developing world's fastest growing computer markets.

It will be protected by a government that has bet a good part of Brazil's economic future on the conviction that a coming technological revolution should be controlled inside national borders by Brazilian capital and products.

"This is the challenge of the Third World," Mr. Savadovsky said with a wry grin.

And yet, all around this high-tech creator are symbols of the odds mounting against him. His office is small and sparsely equipped. As he continues advanced studies at the University of São Paulo, his textbooks and his lectures have switched to English and his software professor is a visiting American.

With the pressures of the marketplace building, meanwhile, the company Mr. Savadovsky works for, SID, already is moving toward abandonment of authentic Brazilian technology.

Heio Azevedo, the president of an association of businesses using computers, said:

"We know that computerization is a new form of life for the developed countries of the world. Brazil has to have a mastery of the technology, using the resources that we have. In a few years the whole world is going to be linked by networks of communications. It's important that all countries, including developing countries, participate."

With some parts of the market for computers now doubling in size annually, the Brazilian strategy has created an expansive domestic industry that includes at least 60 national companies and directly employs more than 20,000 workers.

Brazilian economic planners are beginning to envision an era when national computer companies

could take the role played by multinational auto makers a generation ago as locomotives in a boom of industrial development.

Both the costs and the risks of this large ambition, however, are growing rapidly.

Brazilian computers cost several times more than foreign models, straining the budgets of national industries that need to computerize

CRISIS IN BRAZIL

Third of four articles

to compete abroad. A black market in imported software, components and whole computers flourishes in São Paulo and other cities.

Multinational computer producers from the United States are pressuring for an opening to the Brazilian market, and their campaign has been joined by the Reagan administration.

Fledgling Brazilian computer companies are finding it increasingly difficult to keep up with the rapid technological advances in computers on the international level.

The result has been a problem that many Brazilians believe will soon be shared by developing countries around the world.

Unless it closes its markets to build its own computer industry, Brazil will never have a mastery of a vital wave of technology.

But by sealing its market from the world's leading computer builders, Brazil runs the risk of falling critically behind other countries in the computer age.

The drive for self-sufficiency has been given special impetus by the national security worries of Brazil's military rulers.

The navy founded and supported Brazil's first program in the computer field, and a strong nationalistic current pervades Brazilian thinking on computer development.

"This is not a question of cost; it is a question of survival," said Antonio Didier Vianna, a retired naval officer who now heads a small computer company and a national association of Brazilian computer companies.

"Today if there were a nuclear attack on the United States, our financial system would have 90 days of life. The country would collapse for a conflict that wasn't ours."

Many Brazilian leaders also support the computer development program on strictly economic grounds. Brazil has the 12th-largest market for computers in the world, totaling \$1.3 billion in 1982, and most analysts say they believe the

real boom in computers has yet to reach the country.

Foreign companies, they concede, would be more than happy to match the Brazilian company's investments in new plants and employment in the country while supplying cheaper products. But millions of dollars would flow out of the country in profit remittances to home offices.

Most of all, Brazilian businessmen say, the development of a national computer industry will provide them with an economic control over the size and style of the company's growth that they have not had in the past.

The government has limited two major parts of the national market to domestic companies. The restrictions cover production of medium-sized business systems and of personal computers ranging from calculators to products similar to the Apple and IBM personal computers in the United States.

Multinational companies still are permitted to produce and sell large computers and their software and such sophisticated components as microprocessing chips. Because these sales are large and expensive, foreign producers, led by IBM and Burroughs, still accounted for 80 percent of the value of computer sales in Brazil last year.

Brazilian companies have about 60 percent of the market by volume, however, and all the companies agreed that the biggest future growth will be in the medium and small computers.

The demand for personal computers doubled last year, and experts predict that the number of small computers in Brazil will grow

from 30,000 this year to 150,000 by 1985.

Government officials and industry spokesmen say they are happy with the growth of the national companies, and they argue that in medium and small computers, Brazilian products are no less sophisticated than those sold elsewhere.

"What is the best microcomputer in the United States?" demanded Didier Vianna. "The Apple II? It is here. And ours are just as good."

A Brazilian computer company, Unicomp, produces a computer that resembles the Apple II down to its multicolored logo, and calls it the APII.

It is in fact a nearly perfect, pirated copy. The only difference is cost; a complete APII system sells for \$8,000, at least twice the price of a similar Apple II system in the United States.

For critics of the computer industry, that kind of product defeats all the higher justifications advanced for a national computer industry.



Pedro Savadovsky is one of the experts Brazil is counting on as it tries to develop the computer industry.

The weakness of the industry also is evident in the thriving black market for computers and parts. Industry experts estimate that there are 10,000 contraband Apple and Radio Shack computers installed in Brazil, and the government has been forced to tolerate a thriving underground trade in chips, other components and software programs.

While industry officials dismiss this activity as a relatively minor nuisance, many Brazilian computer experts concede that Brazil has neither the capital nor the research infrastructure to keep pace with the technology of such a highly sophisticated industry.

United Nations officials expect the Brazilian industry to be compromised, perhaps through allowing joint ventures between Brazilian and multinational companies.

"Here in the Third World, we know we can't compete in some areas with the U.S., Germany and Japan," said Mr. Savadovsky. "We would have to work for a hundred years to build up the base to develop what you have."

But for Mr. Savadovsky, there are still broad opportunities.

"In software you can do everything with a paper and pencil," he said. "We still have that chance. In the U.S. they can open a great firm with a huge investment to develop software, but here one kid in his home can still come up with a better idea."

In the air force tests, conducted in California, the Sidewinder missiles were fired from an A-7 fighter-bomber toward the Airborne Laser Laboratory, as the laser-carrying plane was called.

The air force said further details of the tests were classified.

Next: Agricultural decline.

U.S. Succeeds In Air-to-Air Test of Laser

By Robert C. Toth
Los Angeles Times Service

WASHINGTON — In a test, an airborne laser "defeated" five air-to-air Sidewinder missiles traveling toward it at about 2,000 miles an hour, according to the U.S. Air Force. It said two earlier air-to-air tests had failed.

The air force called the test a major milestone in determining the technical feasibility of laser weapons. However, the air force conceded that the laser, which emitted continuous infrared light, was not a prototype weapon system.

President Ronald Reagan has called for a scientific effort to develop sophisticated high energy weapons, such as laser and X-ray beams on orbiting satellites, that could destroy enemy missiles in space. Such weapons are not expected until at least the next decade, experts have said.

The air force experimental laser, in which intensely hot carbon dioxide gas gives off pure but colorless light when its molecules suddenly vibrate, is a step in that direction. There has never been much doubt that lasers are powerful enough to do the job. Slower missiles had been destroyed in previous tests by lasers mounted on ground vehicles. But this first successful air-to-air test will undoubtedly hearten champions of directed energy beam weapons who want more money and talent poured into the effort.

However, the difficulties of converting the lasers into practical weapons are considerable. For example, the air force laser would have to be reduced drastically in size. It took up most of a C-135, a modified Boeing 707 aircraft, in the test against the Sidewinders.

Specialists also doubt whether air-to-air lasers can be effective in various weather conditions. Clouds or even small amounts of water vapor significantly diffuse the power of this carbon dioxide laser. Air molecules also cause the laser beam to spread with distance.

The legislation has attracted an unusual combination of opponents and it provides few political benefits for its supporters. Accordingly, getting it through the House presents an interesting and difficult legislative problem for the congressional leadership of both parties, which jointly back the bill.

Representative Charles E. Schumer, a New York Democrat who sits on the House Banking Committee, said, "Conservatives are opposed to foreign aid, and liberals are opposed to banks."

"That's a formidable coalition, particularly when the administration is unwilling to expend its political capital."

White House Lobbying Wins Votes for IMF Bill

Compiled by Our Staff From Dispatches

WASHINGTON — Prospects for passage of an increase in the U.S. funding commitment to the International Monetary Fund improved Tuesday as intensive lobbying by the administration doubled the number of Republicans willing to vote for it.

House Speaker Thomas P. O'Neill, Democrat of Massachusetts, said the White House, now counts 100 House Republicans in its camp, compared with 49 estimated Monday.

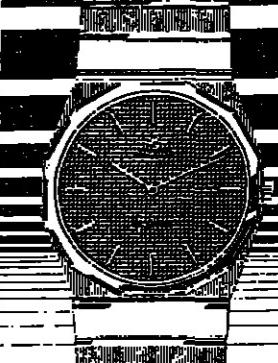
The contribution by the United States, or any country, to the fund is a loan that must be repaid with interest.

In arguing for the bill Monday, Representative Fernand J. St Germain, the Rhode Island Democrat who heads the banking committee, said the world "is on the verge of a global financial crisis" because many developing countries cannot repay outstanding loans they now owe, and need the monetary fund to rescue them from bankruptcy.

"Every day's delay," Mr. St Germain said, "means more international uncertainty and risk."

Critics of the legislation have denounced it as a welfare scheme for large bankers who made imprudent loans to Third World countries.

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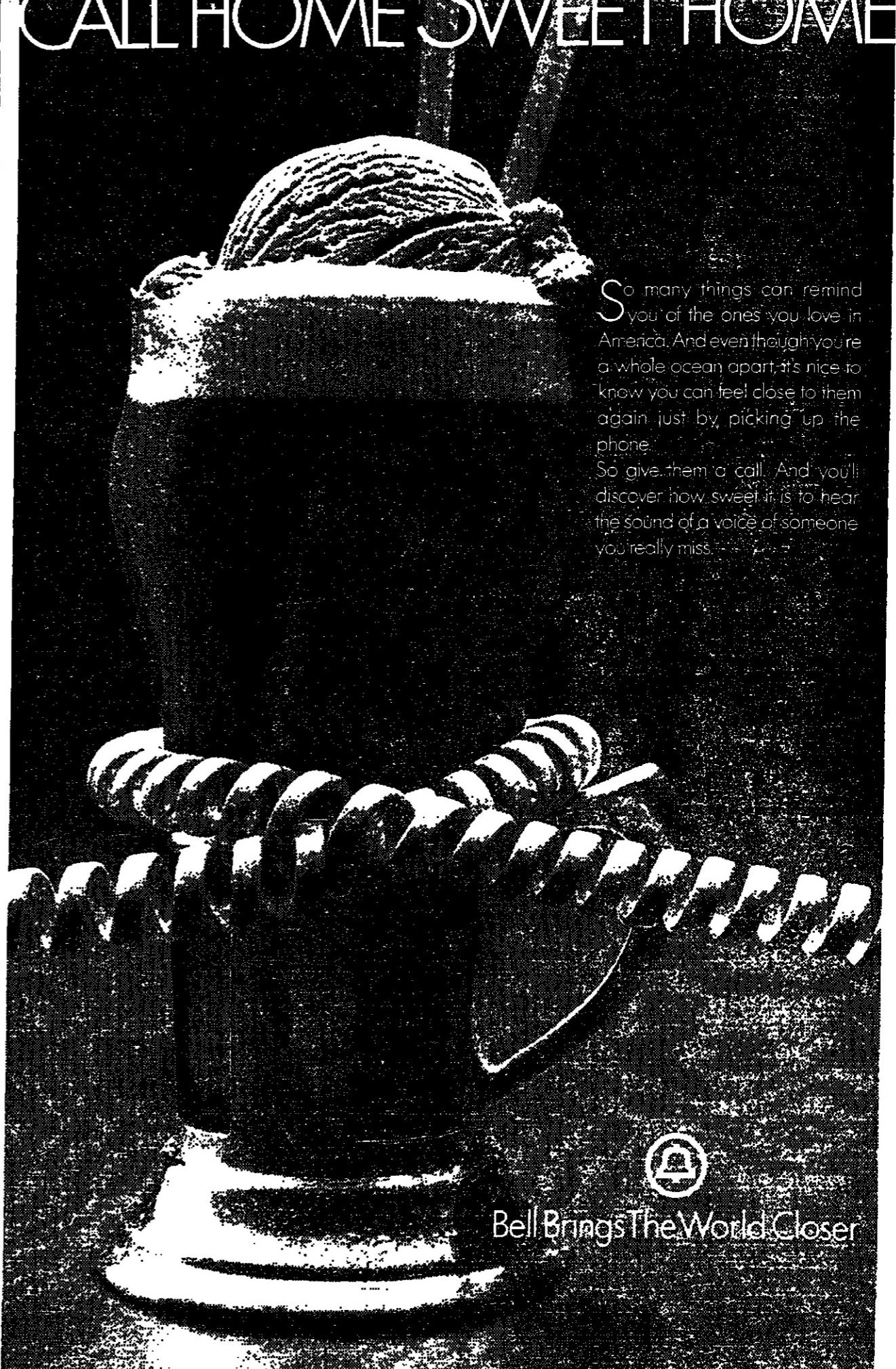


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INTERNATIONAL HERALD TRIBUNE

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Ignoring the Deficit

The president and his top political advisers have effectively damped whatever enthusiasm remained in Congress for further efforts to narrow the federal deficit. Encouraged by the economy's strong showing in recent months, they have been floating the pleasant idea that a faster recovery may release Congress from the dirty job of raising taxes to meet spending requirements.

After the president's news conference on Thursday, administration aides hastened to correct any impression that they had abandoned support for contingency tax increases in 1986. But they acknowledged that action on such a measure has been put on indefinite hold. Meanwhile, the man in charge of developing the administration's tax policies, Treasury Secretary Donald Regan, has been joyfully spreading the word that it is "entirely possible" that faster economic growth may obviate the need for a tax boost.

This call to inaction fell on receptive ears in Congress. After two days of hearings, the House Ways and Means Committee heaved a sigh of relief and concluded, sensibly, that no tax increases were possible without strong presidential leadership. The Senate wasted no time in granting unanimous consent for the Finance Committee to ignore the budget resolution and defer action on both tax increases and spending cuts until late in September. Meanwhile, a conference committee buried itself with a measure that would further reduce revenues by rescinding tax withholding on interest and dividends and extending the

wasteful mortgage revenue bond authority for states and localities.

Despite this presidentially induced inertia, Congress retains "a consensus that something has to be done about revenues," in the words of Dan Rostenkowski, the Ways and Means Committee chairman. That consensus arises from an unpleasant reality that the president's chief economic adviser, Martin Feldstein, pointed to in testimony before a Senate committee Thursday. "It is sad but true," he noted, "that increases in the rate of growth reduce deficits by amounts that are very small relative to the projected deficits."

In fact, administration tax policies have made revenues far less sensitive to economic growth. Because tax rates and exemptions are now indexed to inflation, revenues will grow much more slowly relative to the size of the economy than in recent decades. And generous corporate tax breaks mean that the Treasury will not share in higher corporate profits if investment begins to pick up as the projected deficits.

Without legislative action, future deficits are likely to remain on the high side of \$150 billion no matter how robust the recovery.

As Mr. Feldstein further observed, deficits that big will "inevitably require high real interest rates" — an outcome that does not augur well for continuing economic growth. Unfortunately for the country, these are facts that the president would rather ignore, at least until after the 1984 election.

— THE WASHINGTON POST.

The Rules on War

As a fan of Yankees' baseball, Senator Alfonse D'Amato of New York has no trouble seeing why a bat with too much pine tar cost George Brett a home run and the Kansas City Royals a ninth-inning victory Sunday. Baseball rules 1.10(b) and 6.06(d) forbid any foreign substance more than 18 inches above the handle. "Sure, it was fine print," said the Republican senator, "but it's a rule's rule."

It certainly is, in every American's congenital sense of law and fair play. So what about the rules — Congress's rules — against undeclared war in foreign countries like Nicaragua? Respect for the rules, and for the Constitution, is not an empty ritual. It is as American as baseball, whose thick rulebook is the first Constitution of most American youngsters. The book binds Yankees as well as Royals. Sluggish Reagan may not like the fine print, but who exempted him?

Congress has been willing, with misgivings, to vote for open aid to Honduras, if that can be shown as necessary to stop Nicaragua from slipping arms to rebels in El Salvador. But Congress has expressly forbidden the waging of a secret war to overthrow Nicaragua's leftist regime. The president denies any such intention, but the telltale greases are all over his bat.

The small bands of Nicaraguan exiles that have been used to "harass" the alleged weapon routes are said to be failing. So now the CIA wants a 10,000-man invasion force. Cuba's training and aid missions inside Nicaragua are to become targets for its sabotage and destruction. American ships and planes are to fly in support of these operations. And Mr. Reagan, defining his objectives, says peace is incompatible with Sandinist rule in Nicaragua.

These plans were not supposed to be revealed until after the House of Representatives had voted this week on the new aid request for the anti-Sandinist army of Nicaraguan contras. The plans were in any case to be misrepresented as something other than what they are: acts of war.

Since President Reagan feels uninhibited by the law so far, it is important that Congress now make its meaning unmistakably clear.

— THE NEW YORK TIMES.

Other Opinion

The Black-White Gap

Despite the fact that black Americans have made some gains since the civil rights movement began, the economic gap between blacks and whites remains wide and is not diminishing. On measures of income, poverty and unemployment, wide disparities between blacks and whites have not lessened or have even worsened since 1960.

That is the grim and foreboding conclusion of a recent study by Washington's private Center for the Study of Social Policy. It cited two devastating trends:

■ The nature of the black family is changing toward patterns that foster poverty. Nearly half of all black families now are headed by women, especially poor, young women, many in their teens; in 1960, it was 21 percent.

■ Fewer black men, meanwhile, have jobs. In 1960, 74 percent were employed; in 1980, 55 percent. But up to 20 percent of black men aged 20 to 40 remain unemployed, presumably

— The Chicago Sun-Times.

FROM OUR JULY 27 PAGES, 75 AND 50 YEARS AGO

1908: Prosperity in Sight

NEW YORK — From all parts of the country comes news of returning prosperity. The New York Herald publishes dispatches from every important center, showing that the wheels of progress are beginning to revolve more rapidly in the iron and steel industry, which reflects general manufacturing conditions. A steady improvement is being witnessed in the agricultural regions, and labor is in demand. What is needed most at present is fair play toward the railroads, so that they may obtain normal earnings, and thus cure their "arteriosclerosis." Everybody is certain that after the election, business will be fully revived.

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The Myth of a Collapsing Soviet System

By Stephen F. Cohen

PRINCETON, New Jersey — Every generation or so, Western opinion embraces a new myth about the Soviet Union. Now it is the "failure and crisis" of the Soviet system at home. Or as Flora Lewis of The New York Times concluded two years ago, "the Soviet system has had one great success — in building military power — and has failed its promises in everything else." That opinion is growing among Americans on the right and the left, including some Sovietologists who should know better.

If this picture of a crisis-ridden Soviet regime tottering on the abyss were not so dangerous, it could be dismissed as just another piece of passing foolishness. Unfortunately, it underlies the idea, so popular in the Reagan administration, that an American policy based on a new arms race and all-out economic warfare will destroy the Soviet Union or "bring it to its knees."

Several factors have contributed to the myth of a collapsing Soviet Union, once merely a right-wing fantasy. One is an overreaction to exaggerated views of Soviet achievements in the 1930s and again after the Sputnik success in 1957. Another is the mistaken view that current Polish conditions exist also in the Soviet Union. Yet another is expanded Western press coverage of real Soviet problems since the 1970s, but which portrays those problems apart from the system's strengths.

It is true that Soviet leaders must cope with declining industrial productivity, an unproductive agriculture, the growing need to pay for huge grain imports with scarce foreign currency, and the increasing difficulty of extracting oil to earn that currency. However, the following is also true: Soviet gross national product at least quadrupled between 1950 and 1980; the harvest this year probably will be the best in four years; the system can import grain more cheaply than it can produce more; and Soviet oil exports to the West are currently up from recent years.

But the most misleading assertion is that the Soviet Communist system has failed in its basic domestic promises over the year. Lacking any popular achievements, it is suggested, the system has alienated its citizens to the point of indifference or even rebellion; the government therefore has no consensual relationship with the people and survives largely through repressive power.

Nothing I have learned in years of studying and visiting the Soviet Union, including the comments of many sober-minded dissidents, truly supports that picture. Nor would we imagine it to be true of other long-lived political systems, which tend to develop new sources of stability. All stable systems, even ones as repressive as the Soviet Union can be, involve some fundamental social contract between rulers and ruled — some basic promises and expectations fulfilled or at worst defied.

What are the basic promises of Soviet Communism at home? As is clear from both the official ideology and officially sponsored public opinion polls, those promises have far less to do with millennial or libertarian aspects of original Marxism than with more earthly appeals that have evolved. At home, Soviet Communism really means official promises of national security (the country will never again be defenseless as it was in 1941), nationalism, law-and-order, self-guards against "anarchy" (which so many Russians fear), cradle-to-grave welfare, and a better material life for each generation.

Has the Soviet system really failed in keeping these commitments? It has only fulfilled, or overfulfilled, the promises of national security and law and order. Russian nationalist-patriotic themes have been integrated into official Marxism-Leninism for 40 years, never so firmly as now. Despite important inadequacies, a welfare

system has been created that includes free secondary education, health care, pensions, and subsidized housing and food for virtually all citizens. And despite widespread privilege, corruption, shortages, and a smaller rise in the growth of consumption in recent years, ordinary citizens live better in most material ways than ever. Between 1950 and 1980, for example, per capita real consumption at least tripled.

Emphasizing the historical costs of these accomplishments or contrasting frugal Soviet living standards to American ones, is beside the point. What matters politically is that Soviet adults know these standards and welfare provisions did not exist in their country 50 years ago or less, when illiteracy and famine were rampant. Therefore, they regard them as historic achievements of the Soviet system, as Communist promises that have been kept.

But historical achievements usually do not satisfy later generations. Rapid social mobility is no longer commonplace in the Soviet Union, and economic stagnation and military expenditures are already in conflict with higher consumer expectations. These and other problems, including alcoholism, negative demographic trends, and national sentiments among non-Slavic peoples, may one day erode the government's social contract with the people. But to assume that will happen soon is to underestimate the system's social support. Even the official conservatism that blocks reform is a widespread popular attitude — another bond between state and society.

Instead of dangerously deceiving ourselves about the Soviet Union's "crisis," we should ask ourselves why a system with so many problems is so stable. The answer may lead us to wiser and more compassionate policies.

The writer is a professor of politics at Princeton University and writes a monthly column on Soviet affairs for The Nation.

The MIAs: Facing Up To the Issue

By Stanley Karnow

WASHINGTON — Nothing is more poignant than the plight of the families whose husbands, sons and brothers are still missing since the war in Vietnam. The families deserve help and sympathy, but above all, candor.

But the Reagan administration seems to be fumbling around with this very human and tragic issue — mainly because it is not quite sure how to deal with the problem.

There are 2,494 Americans listed as missing in action in Vietnam. The number, incidentally, is small compared to those who were still accounted for in Korea and in World War II.

Two questions relate to the matter. First, are any still alive in Vietnam, Cambodia or Laos, either in captivity or voluntarily? And second, are those countries doing their best to repatriate the remains of those who died?

Speaking in Bangkok a few weeks ago, Secretary of State George Shultz blurred the two questions by suggesting that the communist rulers of the three countries are both detaining live Americans and not delivering the remains of those who died.

Those who claim that Americans are still alive in the region base their evidence on reports from refugees and others who assert that they have seen Westerners. These witnesses may be sincere or fanciful. So far, investigations have yielded nothing.

I was in Vietnam a few years ago when I heard a Voice of America broadcast report that captive Americans had been spotted by a European technician working there. I located friends of the European who told me he was an egregious liar capable of inventing stories to focus attention on himself.

In Bangkok soon afterward, I learned that U.S. diplomats had traced the European, and found that he had spun his tale in a Bangkok bar. He recanted under interrogation.

This is not to suggest that no Americans are alive in Vietnam. No possibility can be ruled out. But the odds are overwhelmingly against it. The administration, therefore, ought to be playing down the possibility, rather than raising hopes of the families. The issue of the remains of dead Americans is different.

MANY American servicemen who died in action over North Vietnam during the war were pilots and crew members. Their aircraft were carefully tracked, so fairly accurate information on where they crashed has been available. This data was transmitted to the communist authorities in the region to enable them to locate the remains. Nevertheless, they have been slow to turn over the remains, even though a joint U.S.-Vietnamese mechanism exists.

In an interview a few years ago, the Vietnamese foreign minister, Nguyen Co Thach, suggested that the Reagan administration establish a mission in Hanoi to help in the search for the remains of dead Americans.

The idea has gone nowhere, largely because U.S. officials suspect that the Vietnamese are trying to use the issue for political purposes. The Vietnamese very much want American diplomatic recognition to counterbalance their dispute with China, and such a mission could be construed to represent a form of recognition.

The U.S. position is that formal relations cannot be even remotely considered until the Vietnamese end their occupation of Cambodia. The remains of the dead Americans, therefore, have become a bargaining chip in a diplomatic game.

American visitors to Hanoi have urged the Vietnamese to deal with the problem in humanitarian rather than political terms. The Vietnamese Communists, as anyone who fought them can tell you, are not models of generosity.

The Reagan administration should not be criticized for pressing the Vietnamese to cooperate in delivering the remains. But the administration's case would be strengthened if the issue of live Americans were dropped.

The problem is complicated enough without indulging in the sort of romantic stunts that Mr. Gritz tried to stage.

Tribune and Register Syndicate



What the Sandinists Have Proposed

By Sergio R. Mercado

The writer is a novelist, is a member of the Junta of National Reconstruction in the Nicaraguan government.

MANAGUA — On the fourth anniversary of our revolution, we in the government of Nicaragua issued a peace proposal addressed to the United States. We hope that it will be taken seriously by the administration, Congress and the public. Our proposal has six points:

■ A nonaggression agreement between Honduras and Nicaragua to be signed without delay;

■ An end to sponsorship of forces fighting against any Central American government;

■ Respect for the Central American people's self-determination and noninterference in their affairs;

■ An end to economic aggression;

■ And a halt to the establishment of military bases and military exercises in any country in the area.

It is not our desire to force any other country to take the revolutionary path we have chosen — a path we have just begun to explore. Our country has no thirst for conquest, nor does it seek to expand beyond its borders. Our revolution was a historical necessity — the result of a history of injustice and oppression. It does not represent a threat to any country of the area, much less to the national security of the United States. In contrast, a misguided, snobbish proposal of intervention that risks engulfing Central America in war could indeed be a threat to the United States.

We desire a Central America free of military conflicts, where no country is compelled to serve as a base of aggression against a neighboring country. We hope to see the region free of foreign military bases, even those conceived as training centers. Indeed, we have stated in the past that Nicaragua will never become anyone's military base.

The Reagan administration must accept Nicaragua's sovereign right to develop its own revolution — to pursue a revolutionary path that will fullfill our independence. Any genuine peace must guarantee this right to independence — because Nicaragua will never again be the satellite of any country.

In the short term, we hope to see our proposal put into effect in such a way that they can be enforced and verified by the United Nations Security Council. We are also hoping for an immediate reciprocal gesture from the United States.

We desire a stable and respectful relationship with the United States — the kind of dignified relationship that is appropriate between a small country seeking its own path to development and a powerful country like the United States.

It is not our desire to force any other country to take the revolutionary path we have chosen — a path we have just begun to explore. Our country has no thirst for conquest, nor does it seek to expand beyond its borders. Our revolution was a historical necessity — the result of a history of injustice and oppression. It does not represent a threat to any country of the area, much less to the national security of the United States. In contrast, a misguided, snobbish proposal of intervention that risks engulfing Central America in war could indeed be a threat to the United States.

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Upon returning to China, I learned that the case was far from unique. For example, a Mexican anthropologist who stopped over to see friends in San Francisco before continuing on to Beijing was detained by airport immigration officials and asked if she had "communist sympathies."

The Kissinger commission, say dissentists like Senator Robert Byrd, will provide a bipartisan smokescreen for a hard line; let us hope so.

The Reagan administration seems to be moving from rhetoric to reality. As a result, for the first time, the Nicaraguan communists are now calling for "a total halt to the supply of arms" — an idea that they have hitherto treated with contempt.

That is a good sign. After they have offered amnesty and free elections to those fighting for their nation's freedom, after good faith is shown by the reopening of an independent press in Managua, and after the threat to U.S. security recedes, our side should think seriously about agreeing to talk.

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The Mill
Facing
To the

Paperless Marriages' Proliferating in Denmark

Unmarried Couples Now Account for More Than One of Every Three Births

By Jon Nordheimer
New York Times Service

COPENHAGEN — Nete Win-gender and Vilhelm Niemann are almost, but not quite, the archetypal young Danish couple. They are:

Blond.

Unmarried.

The parents of a 3-month-old child.

They are not strictly typical, of course, because most Danish couples are not blond.

But their approach to family life has become as Danish as apple Danish:

Arrangements outside marriage now represent the standard household unit for young college-educated

and couples like Miss Wingender and Mr. Niemann.

Births from these relationships account for more than one of every three births in Denmark, a figure three times the rate in France, which has the second-highest level of illegitimacy in the European Community.

"Hardly anyone we know is married," says Mr. Niemann, 31. "Everyone has entered what we call a paperless marriage."

Miss Wingender had been married previously and divorced before she and Mr. Niemann began living together in 1978.

While it has become common-place in Europe and the United States for young couples to live

together, the liaison usually is legal before the birth of a child.

But here one out of three paperless marriages continues with or without children for longer than five years, while the rest of the couples are more likely to end the relationship and start a new one than to marry.

While a majority of working-class Danes continue to follow the traditional path to wedlock, the divorce rate has doubled in recent years. The former partners are more likely to enter into a form of cohabitation than to remarry immediately, according to government research.

Cohabitation has no legal status in Denmark and carries no legal consequences no matter how long it may last. Custody of offspring, however, can become an issue for the courts.

More troubling than illegitimacy to Danish demographers and economists is a decline in all births that has contributed to a net annual population loss that has put Denmark in the forefront among rapidly aging populations.

Because of contraception, abortion and recession, the number of babies born in Europe in 1981 was two-thirds the number born in 1964.

The continent's population is expected to grow by less than 3 percent by the end of the century, compared with 13 percent for the United States and 37 percent for the world.

Most of the European growth is expected in southern Europe and Ireland, where the population is expected to rise by 20 percent during the next 16 years while the countries of northern Europe show little growth or a net loss.

Denmark's net population loss of 2,000 a year that began in 1981 should increase, according to projections, to an annual net loss of 16,000 after the turn of the century, a significant drain in a country of slightly more than five million.

Moreover, this trend is coupled with a steady rise in life expectancy that foreshadows a time when decreasing numbers in the work force will be asked to support increasing numbers of elderly pensioners.

Governor Mark White of Texas, a Democrat elected last year with strong support from the state teachers' union, proposed upon taking office a 24-percent across-the-board boost in teachers' salaries over two years. But his plan died when a big state surplus faded away because of reduced tax collections. He plans to try again this fall, also proposing new taxes.

Allan Odden, assistant executive director of the Education Commission of the States, an organization of governors, legislators and state education officials, said, "I think a number of these governors ... came to office talking about jobs and economic growth and then ran into corporate officials who weren't interested in their states because of their image of having poor school systems."

Governor William Winter of Mississippi, Governor W. Winter Winter persuaded the Legislature to pass a sweeping reform bill that will raise teacher salaries over five years, toughen accreditation standards for teachers and administrators, and reduce class sizes in the elementary grades. Mississippi has ranked 50th among the states in both per capita income and support for the public schools.

"He said that while they could attract some industries with cheap labor, they could not attract high-technology firms."

"Thus, you have a new breed of Southern governors who are young, intelligent, well-educated and are aggressive in promoting their states," he said. Except for the proposal of the California superintendent of public instruction, Bill Honig, most of the new ideas and the push for education reform have come from the governors of the South," Mr. Odden said.

Although the reform of public

higher poverty levels, a lack of opportunity for our people," said Mr. Hunt of North Carolina, who is expected to run next year for the U.S. Senate seat held by Jesse Helms. "The only way we can get enough jobs in our state is if we provide good education for all our people," Mr. Hunt said.

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Better Schools Mean Good Business To Reform-Minded U.S. Governors

By David G. Savage
Los Angeles Times Service

DENVER — In a sign that better schools are becoming as important as tax cuts to U.S. politicians, at least a dozen state governors, mostly from the South, are seeking to upgrade their public school systems dramatically, believing that their states' economic growth is closely linked to the quality of public education.

Several of the governors attending a special meeting on education here have sought tax increases this year to raise the salaries and, they hope, the caliber of teachers.

Governor Bob Graham of Florida last month vetoed an education budget because it did not raise school funding and increase taxes.

After campaigning in the state earlier this month in behalf of his education reform and finance bill, Mr. Graham persuaded the Florida Legislature to pass a broad school reform bill that is similar to a plan just approved in California. But the Florida program will raise corporate and sales taxes to pay for the reforms and higher salaries for teachers, while California will seek to finance its public school reforms through cuts in other programs.

Like California's, the Florida plan would raise state high school graduation requirements, increase teacher salaries, finance more classes in mathematics and science, and initiate a state-funded program of master teachers.

Governor James B. Hunt Jr. of North Carolina has also made education a top priority. "When I'm talking to corporate officials about moving to North Carolina," he said, "what they want to talk about is education. Well-educated people are the raw material of high-tech corporations."

Although the reform of public

education has become a much-discussed issue in the United States, the governors have said it is the state, not the federal government, that will make the changes and pay the costs of improving the schools.

"Education is to the states what national defense is to the federal government," said Governor Lamar Alexander of Tennessee. In most states, public education, including the community colleges and state universities, accounts for about half the state's budget.

The Southern governors are quick to acknowledge that they are doing more for their education systems because more needs to be done. For example, teacher salaries in the South are still well below the national average.

"We are humbler. We still have higher poverty levels, a lack of opportunity for our people," said Mr. Hunt of North Carolina, who is expected to run next year for the U.S. Senate seat held by Jesse Helms. "The only way we can get enough jobs in our state is if we provide good education for all our people," Mr. Hunt said.

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paigning for his plan throughout the state.

Not all the governors have been as successful. Mr. Alexander's plan to improve teachers' salaries both across the board and for special master teachers, was derailed because of opposition from the state's teachers' union. The union opposed the plan because it chief feature, merit pay, would pay some teachers more than others with the same seniority.

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Republican Governor Prevails Again In California; Democrats Are Bitter

By Robert Lindsey
New York Times Service

LOS ANGELES — Governor George Deukmejian has won his second major battle with the California Legislature, but Democratic leaders say the Republican's victory has left them so angry and bitter that he may find it impossible to get the Legislature to approve any programs.

Finally giving ground in a test of wills with the governor that began in early spring, the Legislature passed a \$27-billion budget last week for the fiscal year that started July 1. The approval, which made it possible for the state's employees and creditors to be paid, came more than a month after the June 15 deadline.

On Friday, Mr. Deukmejian, as he promised months ago, cut more than \$1 billion in items out of the budget passed by the Legislature, reducing it to \$26 billion, a figure he set in January.

Mr. Deukmejian blue-penciled spending proposals for health, welfare and other social programs dear to Democrats in the Legislature and reduced a proposed pay increase for state employees to 5 percent from 8 percent. He also made deep cuts in the budget for higher education, an action that is expected to force up student fees at four-year state universities and require the first tuition, \$50 a semester, at two-year colleges.

The governor, asserting that he had used "a scalpel rather than a meat ax," said his reductions had eliminated the need for any across-the-board tax increases this fiscal year while letting the state finish paying off a \$1.5-billion deficit he inherited in January from his Democratic predecessor, Edmund G. Brown Jr.

After the governor held a news conference, Democratic legislative leaders called their own to say the battle was not over. Willie Brown Jr., speaker of the Assembly, and David Roberti, the president pro tem of the Senate, said they would go to court to get some budget items restored and would never consent to union at the two-year oligies.

But as the news conference ended and the legislators left the capital of Sacramento for a midsummer vacation, it was clear that Mr. Deukmejian had gained even more than he had won in his first confrontation with the Legislature in February.

At that time, he resisted a Democratic proposal to raise taxes by more than \$1 billion and persuaded the Assembly speaker and other Democrats to accept cuts in spend-

ing that allowed the state to begin paying off the deficit left by the Brown administration.

The conservative political views of the governor, especially his belief that government has grown too big and expensive, closely parallel those of President Ronald Reagan, the state's last Republican governor.

His associates say he believes, as Mr. Reagan does, that the best way to arrest government growth is to cut government spending in the budget process. Leaders of both parties agree that Mr. Deukmejian has so far managed to exert his will on the Legislature, even though Democrats outnumber Republicans 48-32 in the Assembly and 25-14 in the Senate.

The budget fight ended with Mr. Deukmejian getting just about all he wanted, and he could say, "State government will be no longer than what it was last year." But he could also claim partial credit for a sweeping school reform bill that had been proposed by Democrats.

In early spring he opposed the school reform program as too expensive. Later, after Mr. Reagan made educational reform an issue, Mr. Deukmejian, helped by an improving national economy that increased California's tax revenue, embraced a limited reform effort that will cost about \$800 million a year.

The successes of a governor who had a relatively obscure career as a state legislator and attorney general before defeating Mayor Tom Bradley of Los Angeles for the governorship last year has earned him some grudging admiration from Democrats.

Politicians trace Mr. Deukmejian's success so far to his 12 years as a legislator, better public relations than the legislators, strategic mistakes by the Democrats, and indirect help from Proposition 13, the 1978 law that shifted property taxes by almost 60 percent.

By all but eliminating the ability of cities, counties and school districts to raise their own revenues, political leaders say, Proposition 13 has transferred enormous power to the Legislature, now the only government body that can raise significant amounts of new tax revenue.

Proposition 13 requires the approval of two-thirds of the legislators for any tax increase. This spring it allowed the Republican minority in the Legislature, at Mr. Deukmejian's behest, to block tax increases and otherwise temper the strength of the Democratic majority.

Some legislators say the budget battle, and a Deukmejian decision this week to call a special election to

reappoint Dec. 13 on a reappointment plan favorable to Republicans, could result in lasting animosity that would hamper both sides.

The governor is trying to earn himself a reputation among right-wing Republicans. Mr. Roberti said at his news conference, "and he's doing it by squeezing more than \$1 billion out of the state's most helpless people."

Like other Democrats, Mr. Roberti predicts serious troubles for the governor once students at the state's colleges, the disabled, welfare recipients and others who depend on help from the state realize how deeply Mr. Deukmejian has cut the budget.

As far as Democrats in the Legislature are concerned, Mr. Roberti said, they plan to respond to Mr. Deukmejian's budget cuts with "all-out war."

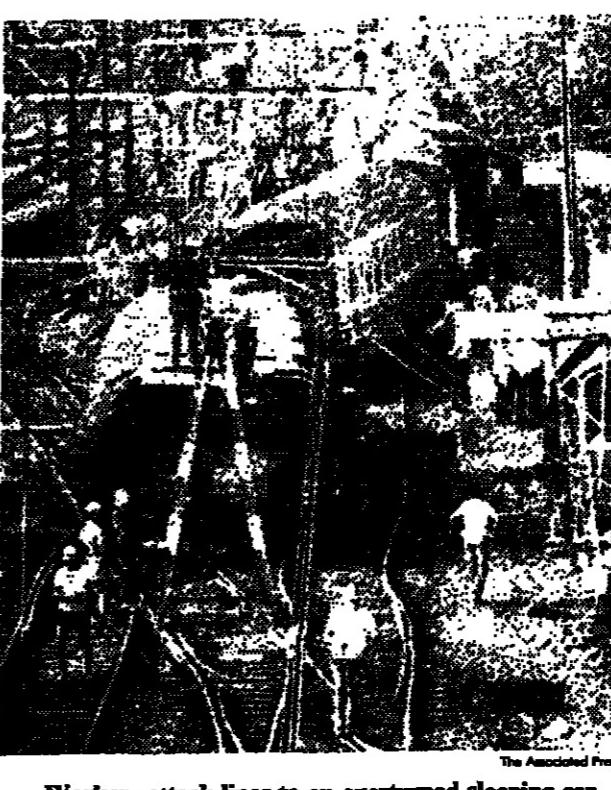
"We want to live near the sea and the woods," Miss Wingender said.

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Workers attach lines to an overturned sleeping car.

Sleeping Cars Are Derailed in France, Killing 4 Passengers and Injuring 23

The Associated Press

MARSEILLE — Four Canadians were killed and 23 other persons injured when two sleeping cars on a Nice-Paris express train ran off the rails early Tuesday six miles (9.5 kilometers) southeast of Avignon, authorities said.

The train left Nice, on the French Riviera, Monday night and was traveling at 85 mph when two cars went off the rails. The accident happened at 1:15 a.m. when a fuse burned out in the axle base of one of the carriages, French National Railroad officials said.

The Canadian Embassy in Paris said there were 25 Canadians aboard the derailed car that was the most heavily damaged. An embassy spokesman said the dead were between 17 and 20 years of age, but he said he did not know their hometowns.

Other trains were diverted to parallel tracks, causing delays of up to 90 minutes. Cranes were brought in to remove the damaged carriages from the tracks.

Colonel Simmonds said that up to 80 dogs a year were to be purchased from dealers, who got them from animal shelters where they were to be killed, for \$80 to \$130 a dog.

The project called for the dogs to be anesthetized and shot with a 9mm Swedish Mauser in their hind quarters from a distance of about 12 feet (about 4 meters). The dogs would be examined in a laboratory by students and then killed with an overdose of Pentobarbital while on the laboratory table.

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More than 300 people, including physicians, signed a petition opposing the lab's opening. Democratic Representatives Thomas P. Lantos of California, Thomas M. Foglietta of Pennsylvania, and Patricia Schroeder of Colorado began seeking signatures Monday on a letter decrying the "expansion of experimentation on live animals by the military."

The Bethesda laboratory was to be the fifth U.S. military facility to conduct wound research on dogs or other animals.

Chicago Mayor Orders Layoffs and Salary Cuts

By Larry Green
and William C. Rempel
Los Angeles Times Service

CHICAGO — Declaring a need for "immediate and drastic action" to keep Chicago solvent, Mayor Harold Washington has ordered the layoffs of hundreds of city workers, cut the salaries of highly paid city executives and asked for a cancellation of a property-tax reduction.

INSIGHTS

Survivors and Thrivers: Coping With 8 Years of Violence in Beirut

By Thomas L. Friedman

New York Times Service

BEIRUT—All car bomb scenes start to look the same after a while. You stop noticing the sunned pedestrians with blood trickling down their cheeks who happened to be standing on the street when the lethal Mercedes—the favorite choice of Beirut car bombers—suddenly turned into a ball of flame.

You stop seeing the smoldering charred carcasses of the other automobiles engulfed in the blaze of the chaos of the rescue workers as they scurry around on tiptoe between the shards of glass and twisted car parts to pay out the dead and wounded. Instead, after a while, you find your mind focusing on the incongruities: the juicy roast chickens that were blown all over the street from an adjacent restaurant but somehow still look good enough to eat, or the smell of aquafaba from a shelf full of Johnson's Walker bottles.

And eventually, after seeing enough car bombs, you start to notice the leaves: When a car packed with 100 sticks of dynamite explodes on a crowded street, the force of the blast knocks all the leaves off the trees, and the road is left choking with them like an autumn lawn.

Red Cross workers will tell the story of the man they found at a car bombing near the Ministry of Information whose chest was blown open. They knew he was still alive because through the blood that filled his mouth, little air bubbles kept surfacing. The thing they remembered most, though, was that two leaves had come to rest gently on his face—one on each eye.

Since the 1975 Lebanese civil war, Beirut has become a synonym for violence. But if Beirut were only violence and ugliness, it would be an easy place to handle and understand. It is not. As long-time residents know, what makes Beirut truly wild, occasionally insane and often absurd to live is that such violence is always framed against some of the most carefree and prosaic aspects of daily existence.

The city lives in that half-light between security and insecurity, war and truce, in which there is usually enough security to go about one's day but never enough to feel confident that it will not be your last.

Life Transformed

The stress of living in such an environment, which has prevailed for the last eight years, has transformed traditional patterns of daily life for rich and poor alike. Coping with Beirut, staying sane here, is not simply hiding in a shelter. Rather, it demands a thousand little changes in one's daily habits and a thousand little mental games to avoid being overwhelmed by it all.

The cumulative effect has been to alter everything from language to work and entertainment to the way buildings are built. It has driven some people mad or into crime, while enabling others to discover positive qualities in themselves that they never knew existed.

"What I think we are experiencing in Lebanon is something that is unlike any stress problem psychiatrists or psychologists have had to deal with anywhere in the past," said Edwin Terry Prothro, director of the Center for Behavioral Research at the American University of Beirut. "An earthquake, a Hiroshima, those are one-shot affairs. Even Northern Ireland can't really be compared to Beirut because the central government there and all its services always continued to operate and the level of Belfast's violence was far lower and more transient than here."

"The resilience of humans beings is so great that they can always recover from sporadic violence. But Beirut is different. Beirut is eight straight years. I got some books out the other day on disaster relief, but they had nothing to offer. There are no prescriptions about what to do about a Beirut."

Most Beirutis will tell you that all the forms of violence they live with, nothing terrifies them more than car bombs, not only because they are utterly indiscriminate, but because they transform a totally innocuous object from daily life into a deadly weapon.

"Snipers and shelling never bothered me," said Lina Mikdad, an author and the mother of two girls. "But booby-trapped cars, that is what really scares me. If I am in a traffic jam, I get hysterical. I put my hand on the horn and I don't take it off until I get out. The children start screaming in the back seat because they don't understand why I am honking. I am afraid to tell them. I just want to get away from being trapped between all of those cars."

Even the parts of one's own home or office start to take on a different image in this environment. Diala Ezzine, 21, a volunteer rescue worker with the Lebanese Red Cross, who helped clear the bodies from the rubble of the U.S. Embassy after it was blown up April 18, said: "I sometimes start to wonder: If a bomb were to go off right now, where is the best place for me to be standing? Should I be under the door frame? Or next to the stairs or near a wall? I know there is nothing I can really do, but I can't stop myself from thinking about it or sometimes making little adjustments."

As any Beirut can tell you, the first thing to do when the bullets or bombs start flying is to open the windows, to prevent any concussion from breaking the glass into a hundred little spears, and to move children into a stairwell or corridor, to avoid ricochetting bullets. Some people have spent so much time living in their halfways that they tell a joke about a Beirut resident who ran an advertisement saying: "Wanted: An apartment with a bathroom, a kitchen and one very long corridor."

The civil war, which wiped out Beirut's hotel district, wiped out a good deal of the nightlife as well. Beirutis have learned to respect the dark. The city's political gangsters, who still regularly blow up shops for reasons ranging from the owner's religious beliefs to his failure to meet his weekly "insurance premium," often have just enough humanity left to set the dynamite to go off after 10 P.M., when they expect most people to be off the streets.

"Most people have now gotten used to doing their celebrating at home," said Amine Halwany, the manager of Goodie, a gourmet supermarket. "I can see it from our catering business. People say to me: 'Let's just wait until we know things are finished before we start going out again.' No one wants to be the last casualty in the war."

New Language Spun

Beirutis talk about violence the way other people talk about the weather. When they ask, "How is it out?" they do not mean the chance of precipitation but the security climate in the streets. The stress in their society over the past eight years has spawned a whole new vernacular of "war speak."

For instance, for gradations of shelling there is *qasf aswad*, indiscriminate shelling, which means stay indoors. Then there is *qasf marokk*, concentrated shelling, which calls for a careful planning of which roads to use. And finally there is *qasf mazaj*, temperamental shelling.

The last term was coined early in June by the Christian Phalangist Party's Voice of Lebanon radio to describe the firing of a rocket into the Christian port of Junieh just north of Beirut, by unidentified gunmen. The radio explained that someone had evidently just felt like firing off a salvo for "temperamental" reasons, as there was no apparent provocation. The rocket landed on a car, killing three women going home from the beach.

During the civil war, a set of "traffic" terms was developed by local radio announcers and these too, have stuck. A road that is totally secured by the police or army would be described as *amina*. If it is clear of roadblocks, snipers, and kidnappers but not policed, it would be called *saliha*. If it is passable but with a chance of sniping or kidnapping it would be called *katherah*. Finally, if it is *qasf amina*, it is unsafe at any speed, and you are taking your life in your own hands if you use it. The terms became so pervasive that some women started naming their baby girls *Selika* and *Amina*.

But probably the most popular expression of all is *sama'at*, or "Have you heard?" always spoken with an inflection of urgency. There are few Beirutis who would deny that when someone calls them up and asks "Have you heard?" their stomachs begin to knot, since what follows is almost always some tragedy.

There is a scene I go through every time I visit my bank that says a lot about the mental games Beirutis play to cope with the unstable security situation. As soon as the guards see me step off the elevator, they look to their feet and wait for my predictions.

On this particular day it is *Samer*, the teller, who has a problem. An educated young man, Samer explains that he and his wife are planning a vacation to Poland—or of all places. He says: "Will fighting break out before he leaves, after he leaves or when he comes back? Will it be in West Beirut, East Beirut, the Bekaa Valley or the Chouf Mountains? Will it be heavy or light fighting and, most important, will it be okay to leave the children behind?"

"I need to know," whispers Samer with a hint of desperation, "so I can go and come back without worrying about the children. You are supposed to be informed."

In Beirut, the furious quest by people for clear-cut explanations to bring order and planning to their chaotic lives is one of the most obvious psychological effects of the violence. "Stress can be controllable or uncontrollable and important or unimportant," explained Dr. Elie G. Karam, a psychiatrist at East Beirut's St. George's Hospital. "The Lebanese try everything to make it controllable even if not controllable, then unimportant. If your bank teller knows when the fighting is going to start, his life becomes controllable again."

One reason people may be so desperate to explain any kind of major bombing or assassination is that the perpetrators are never caught. Beirut is a city where virtually no crime is ever solved. No one ever has the comfort of knowing that the killers are safely behind bars.

In the absence of any real explanation for many acts of violence that terrorize their lives, Beirutis tend to indulge in simplistic, sometimes incredible, rationalizations that usually lay the blame on the Syrians, the Israelis or some grand superpower conspiracy—anyone but themselves.

At a dinner party recently, guests were sitting around the table of a distinguished Beirut-American academic and discussing the highly unusual hailstorms on June 11 and 12. When all the meteorological explanations had been exhausted, the host asked his Lebanese friends, only half in jest: "Do you think the Syrians did it?"

These rationalizations and other mental tricks help to ease many of the anxieties in people's lives without actually removing the danger. Miss Ezzine, the Red Cross rescue worker, said: "Sometimes I calm myself by making probability calculations in my head. I say to myself: 'There are four million people in Lebanon and so many in my family, what are the odds of anyone in my family getting killed?'"

"I had a cousin who died recently. I was very sorry he died. But—and this may be a terrible thing to say—I also felt a kind of relief. Like, O.K., that's all for our family now, we have made our contribution to the odds."

Fatalism Revived

If a contrived explanation does not work, the Beirutis try to overcome the stress by making it unimportant or by simply repressing it. This highly developed form of denial is described by many Beirutis as their newfound "fatalism."

"We have gone back to the Oriental side of our upbringing," remarked Elizabeth Zaroubi, 30, a Beirut housewife and mother of three boys. Fatalism comes easily to Mrs. Zaroubi these days. She stepped out of the U.S. Embassy's visa section on April 18 just 10 minutes before it was obliterated by a car bomb.

Leena Shabouni, 31, also a mother of three, was formerly a broadcaster for Beirut Radio. She said she can almost remember the moment when she started becoming fatalistic.

"There was a man who lived in our apartment building whom we had come to know very well," she recalled. "In the summer of 1975, during the civil war, he and his wife were coming down from the mountains to East Beirut, with their bird in a cage of the back seat. From out of nowhere, some kind of shell hit their car and killed his wife. It didn't just kill her, though. It completely blew her apart. Her skin was all over the dashboard. But her husband was barely scratched and the bird in the back seat was still there, singing away."

"After that incident with our neighbor, that's when I really started feeling fatalistic. She died for no reason at all. She was just traveling down a road. Her husband and that bird lived for no reason. It was all just fate."

Protective Instincts Dulled

This fatalism does not mean that Beirutis will walk across a mine field to go shopping, but it does lead them to ignore violence that is not happening immediately around them. It also helps explain why businesses here remain willing to rebuild and invest after every disaster—like last summer's—as though it could never happen again.

Mr. Halwany, for instance, opened his first store at the height of West Beirut's gang wars in 1979, and he and his partner bought their second store in East Beirut in the midst of the Israeli invasion.

The danger with this kind of attitude, remarked Dr. Amal Shamma, head of the emergency ward at Beirut's Barak Hospital, is that after a while it can dull people's normal protective instincts and reflexes.

"We had an earthquake late at night last week that registered 5.5 on the Richter scale," she said. "It shook my whole house. I woke up and said to myself, 'Oh, it's an earthquake,' and went right back to sleep. The next morning, I found out that everyone had gone down to the beaches. Now that scares me."

In Beirut, the ability to repress things is not



Against a backdrop of war-damaged buildings, play was resumed last October at the Golf Club of Lebanon, Beirut.

necessarily pathological, noted Mr. Prothro, but in fact can be very healthy and useful for survival. "My daughter was coming home from school one day, and her bus driver, who was also one of her teachers, was killed right in front of her by a stray bullet," he recalled. "We all just repressed it. Didn't think about it. Can't think about it."

When friends from abroad ask Anthony Asseily, director of the top merchant bank in Beirut, the British-based J. Henry Schroder and Co., if most people just run wild during the city's more lawless moments, he likes to tell them the story of his office boy, Munzer Najim.

During the 1982 siege of West Beirut, Mr. Asseily closed his bank and moved to London, leaving behind Mr. Najim, 32—whose job normally consisted of bringing coffee to the bank's employees and guests—with instructions to watch over the place. As far as Mr. Asseily knew, Mr. Najim spoke only Arabic.

"One day last summer I was sitting in my office in London," recalls Mr. Asseily, "and suddenly the telex came alive. It was Beirut on the line. My first reaction was to ask how the situation was. The answer came back: 'Not so good.' Then I said, 'Wait a minute; who is this on the line?' The answer came back, 'Munzer.' At first I couldn't believe it. I thought maybe someone had a gun to his head and was telling him what to type."

"We had a conversation, and eventually I found out that while he was sitting around the bank all that time with nothing to do he had learned English and taught himself how to operate the telex." As Mr. Asseily freely notes, his coffee boy could have stolen the bank's telex and sold it on the street to the highest bidder just as easily as he learned how to use it.

Lawlessness Not General

To be sure, some people did awful things during Beirut's worst periods of lawlessness. My own apartment was destroyed last summer when two groups of refugees got into an argument over who would get control of the building. The group that lost blew it up, killing 19 persons inside.

But such demented acts during extended periods of virtual anarchy never really characterized the behavior of the vast majority of Beirutis. As the cases of Mr. Najim and so many others demonstrate, "people just didn't become anti-social," said Mr. Asseily.

First, since 1975, Beirut has broken up into a mosaic of neighborhoods, each tied together by interlocking bonds of family, friendship and often religion. These personal relationships in each neighborhood tended to keep people upright and honest, even in spite of themselves.

Second, most people became obsessively orderly, organizing every aspect of their lives down to the smallest detail. I always think of the man in my neighborhood who, at the height of the siege of 1982, organized the children on his block into a work detail and regularly washed the street with detergent. Israeli planes overhead, guerrillas running around, and he was out washing the street. Not exactly one's image of anarchy.

Even in talking to the people who did good deeds—the real heroes of the summer, like the Red Cross volunteers—ones finds that they did not do what they did out of pure altruism, but rather out of a desire to keep structure and meaning in their own private lives.

Myrna Mugrabiyan, 25, a dental student at East Beirut's St. Joseph University, spent the summer as a Red Cross rescue worker. "It wasn't my job. But I had a choice. I could sit home all day quarreling with my family and going crazy, or I could get out on the street. The only way to get out was to be either a helper or a fighter. I chose to be a helper."

"In its own way," said Richard Day, a psychologist teaching at American University, "the war actually made some people better. People discovered something about their inner strength when they were tested, like a metal that can only achieve its real hardness at the highest temperature."

Miss Mugrabiyan worked from sunrise to sundown for seven consecutive days last September, clearing and burying bodies from the Sabra and Chatila refugee camp massacres.

"I learned that my mental and physical limits were far beyond what I ever imagined," she recalled. The only problem, added Miss Mugrabiyan, was that under such intense conditions, you could discover yourself and others in many ways.

"I thought while we were burying those bodies, 'How could human beings do this to one another?' And then you know what happened? Some people in the camp started stealing water from our ambulances or going around robbing the cadavers of their gold. I started to ask myself, 'What am I doing here? Why should I help these people? I just wish there could have been one pure ideal to believe in, but it never worked out that way.'

After last summer's siege, Mr. Day did a study of students at the American University to assess the coping mechanisms of Beirut survivors. He broke Beirutis into basic personality types: "survivors" and "thrivers."

"Thrivers," explained Mr. Day, were people who avoided getting excited about things that



were out of their control, such as an Israeli F-15 going overhead, and did everything they could to adapt to and confront their immediate environment, no matter how bad it got. Those who survived the 1982 siege in the best physical and mental health, said Mr. Day, were not the people who hid in their basements throughout the summer, but those who got out and worked at something whenever they could, sought information and viewed their environment with greater selectivity.

Probably the classic Beirut "thriver" is George Beaver, 39, a British businessman who retired to Beirut. Almost daily during the 1975-76 civil war and the years following it, Mr. Beaver played golf at Beirut's Golf Club of Lebanon. He became known as the "Lone Ranger" as he plodded around the course by himself, hitting around the empty shell cases, chipping out of bunkers both new and old and putting into any number of holes that appeared on the greens. Only the most intense bombardments of the summer of 1982 kept him off the links. He was probably crazy to have played, he admitted, but he added, he would have been even crazier if he had not.

The "survivors," on the other hand, explained Mr. Day, were really "barely survivors." These were the people who tended to suffer the most psychic trauma. Survivors "let too much information in," said Mr. Day. "They did not filter anything out, and as a result they became overwhelmed by things that were out of their control."

Despite social taboos, however, said Dr. Karam, the psychiatrist at St. George's, plenty

of people are still finding a quiet way to get to his clinic, even though they might be denouncing psychiatry to their neighbors all the while.

Lebanese, he explained, sometimes use the violence as an easy explanation for their problems, but whether that is really the root cause of the illness depends very much on the individual and his or her circumstances.

Desperation Is Increasing

Dr. Fuad Antan, the sole psychiatrist at the American University Hospital, noted, however, that he had to point to one theme that keeps reappearing among people he is now seeing: it would be the increasing sense of "desperation and anxiety" among Beirutis, who are discovering that after having tolerated eight years of violence they still cannot plan their lives and their children's futures with any certainty.

During 1975 through 1982, there was a sort of organized chaos to Beirut life that people learned to negotiate. But since the Israeli invasion, which everyone hoped would "finish things," their lives have been confounded by an obscure tangle of negotiations, superpower machinations and political intrigues that seem very much out of their control and promise no immediate end to their travail.

"You find people saying things like 'I would rather lose my house in one week of fighting between Israel and Syria' that would finish things than go on with this stalemate a day longer," said Dr. Antan. "Maybe the vaunted Lebanese patience is finally running out. Maybe we are running out of gimmicks to stem the situation. This may be a good sign, because the more you ignore reality, the more your problems remain."

The problem with Lebanon, it becomes clear, is that its disease and its cure are one and the same. The Lebanese individual has always derived social identity and psychological support from the family, neighborhood or religious community, but never from the nation as a whole. The war years have only reinforced this tendency, drawing people closer together as communities but pulling them further apart as a nation.

But the very family, neighborhood and communal bonds that enable Beirutis to

INTERNATIONAL Herald Tribune
BUSINESS/ FINANCE

WEDNESDAY, JULY 27, 1983

**

BUSINESS PEOPLE

Ricoh Reorganizes European Units To Try to Match Success at Home

Ricoh, the big Japanese maker of copiers and other office equipment, is reorganizing its European operations in an effort to duplicate the success it has seen in its home market.

Under the new plan, Ricoh's units in Britain, Germany, Switzerland and the Netherlands will report directly to the Tokyo head office. The new set-up will give Ricoh a "connection directly from Tokyo to the market, allowing us to react quicker to movements in the markets," a spokesman for the company said.

In Europe, as in Japan, Ricoh's best-selling products are its copier machines. In the year ended March 31, copiers and related supplies accounted for 70 percent to 75 percent of total sales of \$1.6 billion, he said. Europe accounted for more than 35 percent of Ricoh's total overseas sales in 1983.

In other moves, Tadahiro Kokushi, who came to Europe in July 1981 and has been responsible for the overall development of Ricoh's operations in Western Europe, will return to Tokyo in mid-August as an assistant to Ricoh's president, Hiroshi Honda. He will act as chief of the staff office. Successing him as head of Ricoh Nederland and of Ricoh Europe are Kengo Sano and N. Shibusawa, respectively. Mr. Shibusawa also serves as managing director of Ricoh Deutschland.

SFE Increases Energy Bank Holding

Société Financière Européenne group recently increased its holding in London-based International Energy Bank to 55 percent from 20 percent. SFE purchased shares formerly held by Bank of Scotland, Banque Worms, Canadian Imperial Bank of Commerce and Republic Bank Dallas. Barclays Bank International will retain its 15 percent interest in IEB.

Peter Lissi will remain as chairman of IEB. Bertrand Gaetje, a director of Banque de la Société Financière Européenne in Paris, has been named general manager. Maurice Bouillet is chief executive officer of the SFE group. Shareholders of SFE are Algemene Nederland, Banca Nazionale del Lavoro, Bank of America, Banque Bruxelles Lambert, Banque Nationale de Paris, Barclays Bank International, Dresdner Bank, Sumitomo Bank and Union Bank of Switzerland.

Other Appointments

Michael T. Casper has been named vice president and general manager of the London branch of Texas Commerce Bank. He succeeds Paul Pfeiffer, who returned to the bank's head office in Houston to take responsibility for the Europe, Middle East-Africa and Asia-Pacific divisions. Mr. Casper previously was assistant general manager of the London branch.

Credit Commercial de France has appointed Charles de Croisset and René de La Serre deputy general managers. Mr. de Croisset is head of the Paris-based bank's international department, and Mr. de La Serre heads the finance department.

American Re-insurance Co. (U.K.) has appointed Philip M. Marcell chief executive. He assumes the responsibilities of F. Peter Pook, who held the title of general manager. Mr. Pook will remain an executive director of the company and will act as technical adviser to the board until his retirement on Dec. 1. Mr. Marcell joined the company from Jardine Matheson (U.K.) in London. American Re-insurance is a unit of U.S.-based Aetna Life and Casualty.

Richard Wilson has joined the board of Esmarks Securities in London as a director with responsibility for Eurobond sales, a new position. He formerly was a vice president with Salomon Brothers International in London. Esmarks Securities is a subsidiary of Scandinavian Esmarks Banken.

Jean Pierson has been named director of the airplane division of Aérospatiale, the French state-owned aerospace concern. Mr. Pierson, who formerly was assistant director of the airplane division, succeeds André Etienne, who retired.

AEBC Asset Management, a subsidiary of American Express International Banking, has named Robert Collins managing director, succeeding Kevin Palenske, who left the company. Mr. Collins will continue as a manager of the Trade Development Bank in London and head of its investment department.

Berry Noden has been appointed treasurer of National Westminster Bank's executive office for the Far East and Australasia. Mr. Noden, who is based in Singapore, succeeds Alan Paley. Prior to his new appointment, Mr. Noden was vice president, money markets, in Natwest's New York branch. In addition, Jeff Tremain has been named manager of Natwest's Chicago branch, succeeding John Anderson. Mr. Tremain formerly was in the London head office as an inspector of branches.

T.J. Peeler, currently general manager (international) of Legal and General, a London-based insurance concern, will become deputy group chief executive on Jan. 1 and group chief executive on July 1. As group chief executive he will succeed Ron Peet, who plans to retire on June 30.

—BRUNDA HAGERTY

CURRENCY RATES

Interbank exchange rates for July 26, excluding bank service charges

	\$	£	DM	F.F.	HL	Gdr	IRL	JPY	L.D.
Amsterdam	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (A)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (S)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (D)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (B)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (M)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (C)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (N)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (R)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (I)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (P)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (O)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (G)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (F)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (H)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (L)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (M)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (K)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (J)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (V)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (W)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (X)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (Y)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (Z)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (A)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (B)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (C)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (D)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (E)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (F)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (G)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (H)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
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Brisbane (J)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (K)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (L)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (M)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (N)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (O)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
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Brisbane (Q)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (R)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (S)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (T)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (U)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (V)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (W)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
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Brisbane (Y)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (Z)	1.2722	4.441	111.92	21.95	1.0992	5.9874	182.40	31.10	1.0420
Brisbane (A)	1.2722	4.441	111.92	21.95					

BUSINESS BRIEFS

Pan Am Reports Quarterly Profit, Ending Three-Year String of Losses

(Continued from Page 9) NEW YORK (AP) — Pan American World Airways reported a \$10.4 million second-quarter profit Tuesday — its first quarterly profit from operations after three years of the worst losses in U.S. airline history.

The Pan Am chairman, C. Edward Acker, stressed that the results came directly from airline operations. Some other U.S. airlines have figured special tax benefits into their second-quarter profits.

Pan Am, which has lost \$69.3 million in the first half, said its second-quarter profit on operations — excluding one-time gains on sales of real estate — was the first quarterly profit since the summer of 1980. Mr. Acker has vowed not to accept his 1983 salary of \$350,000 if the airline does not return a yearly operating profit.

Natural Gas Bill Advances in U.S.

WASHINGTON (UPI) — The U.S. Senate Energy Committee voted 11-3 Tuesday to lift price ceilings on all natural gas over a three-year transition period, despite the fact that the author of the amendment voted against his own proposal and urged others to do so.

The motion was offered by Senator Howard M. Metzenbaum, Democrat of Ohio, an opponent of decontrol, in an effort to bring the issue to a head. Three Democrats joined eight Republicans to approve a gradual decontrol program that would raise prices on "old" gas in monthly increments over 36 months while bringing down prices on "new" gas in 12-month phases and freezing them there for another six months. "Old" gas is from deposits discovered before March 1977; "new" gas is from deposits tapped after that date.

The Senate majority leader, Howard H. Baker Jr., Republican of Tennessee, said the bill will not be scheduled for floor action until the fall.

Mexico Says Loan Funds Not Needed

MEXICO CITY (AP) — A trade surplus of nearly \$6 billion during the first quarter of 1983 has helped Mexico rely less on emergency funding from outside the country, the Treasury Ministry reported.

Government television Monday night quoted the deputy Treasury minister, Francisco Suarez Davila, as saying the untouched funds include the latest installment on a \$2.8-billion bail-out loan the International Monetary Fund began making available to Mexico at the start of the year.

The latest installment of \$329 million has been available since May 23, but will not be used, Mr. Suarez was quoted as saying. He also said the most recent \$8-billion loan granted by a group of 530 banks at the request of the IMF will apparently not be needed.

British Airport Authority Posts Profit

LONDON (Reuters) — Britain's Civil Aviation Authority Tuesday reported a £13.3 million (\$20 million) net profit for the last financial year, the first profit for more than a decade.

But the authority, which operates or licenses 172 British airports, said airlines are still affected by the world recession and last year was particularly difficult for British charter operators.

It said 11 holiday-type firms failed in 1982-3, the largest number for several years, and "there are indications that 1983 will also be a difficult year."

Court Freezes Marc Rich Assets in U.S.

NEW YORK (NYT) — A U.S. judge here has given the U.S. Attorney's office permission to freeze some of the assets of Marc Rich & Company A.G., one of the world's biggest commodities traders, in order to collect \$1 million in fines for contempt of court.

The authorization Friday followed the disclosure in court that the Swiss company, based in Zug, had sold its American subsidiary, Marc Rich & Company International Ltd., to Clarendon A.G. Ltd., a new concern led by some of the principals of Marc Rich A.G.

The order was issued in an attempt to obtain the first \$1 million of a \$50,000-a-day fine that the court imposed on Rich on June 29 for the company's refusal to turn over business records to a U.S. grand jury. The grand jury has been investigating whether the corporation evaded taxes.

AMC to Sell AM General Subsidiary

SOUTHFIELD, Michigan (UPI) — American Motors, in an effort to raise capital, has agreed to sell its AM General subsidiary to LTV for \$170 million in cash and short-term notes and a \$20 million dividend.

AM General produces tactical vehicles for the U.S. Army and 100 nations and was recently awarded a multimillion dollar contract to produce the Army's new Hummer vehicle.

AM General is the leading producer of tactical military wheeled vehicles in the non-communist world. It is a separate entity from Jeep Corp. of Toledo, Ohio, which produces commercial Jeeps for AMC.

Le Fonds Deltec International S.A.

Société Anonyme en Liquidation
Registered in Luxembourg, 14, rue Aldringen
(R.C. Luxembourg : B - 6177)

Notice of the Second and Final Distribution in the Liquidation

Notice is hereby given to the shareholders of Le Fonds Deltec International S.A. that, following the second and third liquidation meetings held on 22nd July 1983, the second and final distribution in the liquidation of Le Fonds Deltec International S.A. is now available. The total amount made available for distribution in the first and second distributions amounts to US\$35.01 per share, together with accrued interest.

In order to claim funds to which they are entitled under the distributions, shareholders should lodge their share certificates with Banque Générale du Luxembourg S.A. 14, rue Aldringen, Luxembourg or The Deltec Banking Corporation Limited, Marlborough and Cumberland Streets, Nassau, Bahamas.

KMG Klynveld Main Goerdeleri S.a.r.l.
Liquidator of Le Fonds Deltec International S.A.

This announcement appears as a matter of record only.

MOBILE SATELLITE CORPORATION

\$2,100,000

Series A Preferred Stock

(Par Value \$01 Per Share)

The following investors participated in the financing:

Associated Communications Corporation

BEA Associates Incorporated

Gearhart Industries

General Electric Venture Capital Corp.

Metromedia, Inc.

Whitcom Investment Company

The undersigned acted as financial advisor and arranged for the private placement of these securities.

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July 14, 1983

Streamlining of Operation Allows ICI to Boost Profits

tinued to invest in technology that could lead to a sharp rebound in profits if the recovery gains momentum.

"The whole thing runs better," said Robin Paul, deputy chairman at Mond. At that division, he said, "senior management has been reduced from 300 to 150 — headed for 125 — and the number of levels between the divisional chairman and the shop floor has been cut from 9 to 5."

Admittedly, ICI's improved bottom line masks striking differences among the various divisions. At the strong end of the financial spectrum is the pharmaceuticals division, riding high on the success of Federal and Tenamor, its heart disease drugs, and Novikos, for cancer treatment. At the other is the plastic and petrochemicals division, which had operating losses of more than \$211 million last year and could lose as much this year if demand falters or exchange rates move unfavorably.

In the middle is the Mond-centered general chemicals division, which earned only \$91 million last year on sales of \$2.1 billion.

"They are getting decent cash flow out of the struggling operations, but not much return on capital," said Robin Gilbert, an analyst at James Capel.

But current divisional balance sheets do not necessarily reflect ICI's longer-term strengths. Mond, for instance, has a portfolio that its executives describe as "broad and resilient." Despite the decline of its industrial customers in Britain, it has never lost money and has con-

tinued to invest in technology that could lead to a sharp rebound in profits if the recovery gains momentum.

"ICI is not a pharmaceuticals company," Mr. Wamsley said. "They could be the most profitable chemical company in the world by 1990, but there are still big structural problems in the industry, and it won't be pure progress between now and then."

Britain Records Trade Surplus

London — Britain recorded a trade surplus of £123 million in June, after May's £55 million deficit, the Department of Trade and Industry said Tuesday.

The current account, a broad trade measure that includes merchandise as well as nonmerchandise items, such as services, registered a surplus of £373 million in June, after May's £302 million deficit.

It said this represents a second-quarter growth of 3.6 billion francs, or 3.3 percent, over the first quarter.

Switzerland Union Bank Reports Assets Up 3.3%

United Press International

ZURICH — The Union Bank of Switzerland, the largest Swiss commercial bank, Tuesday reported assets of 113 billion Swiss francs (£56.5 billion) at the end of June.

It said this represents a second-quarter growth of 3.6 billion francs, or 3.3 percent, over the first quarter.

Seoul Sets Growth Goal

United Press International

SEOUL — South Korea plans to seek an annual economic growth rate of 7 percent to 8 percent in real terms and to hold inflation to 1 percent during the remainder of its current five-year development program, which expires in 1986, a government report said Tuesday.

The current account, a broad trade measure that includes merchandise as well as nonmerchandise items, such as services, registered a surplus of £373 million in June, after May's £302 million deficit.

It said this represents a second-quarter growth of 3.6 billion francs, or 3.3 percent, over the first quarter.

Japan's Industrial Output Up

The Associated Press

TOKYO — Production at Japan's factories and mines rose in June a seasonally adjusted 1.2 percent from the May level, the Ministry of International Trade and Industry announced Tuesday.

It said this represents a second-quarter growth of 3.6 billion francs, or 3.3 percent, over the first quarter.

Colgate-Palmolive

United Press International

CHICAGO — Colgate-Palmolive Co. reported a 10.2 percent increase in second-quarter earnings, to \$125.5 million, from \$114.2 million in the same period last year.

It said this represents a second-quarter growth of 3.6 billion francs, or 3.3 percent, over the first quarter.

General Motors

United Press International

BIRMINGHAM, ALA. — General Motors Corp. reported a 10.2 percent increase in second-quarter earnings, to \$125.5 million, from \$114.2 million in the same period last year.

It said this represents a second-quarter growth of 3.6 billion francs, or 3.3 percent, over the first quarter.

Kroger

United Press International

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Lubrizol

United Press International

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It said this represents a second-quarter growth of 3.6 billion francs, or 3.3 percent, over the first quarter.

McDonald's

United Press International

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Martin Marietta

United Press International

BETHESDA, Md. — Martin Marietta Corp. reported a 10.2 percent increase in second-quarter earnings, to \$125.5 million, from \$114.2 million in the same period last year.

It said this represents a second-quarter growth of 3.6 billion francs, or 3.3 percent, over the first quarter.

Merrill Lynch

United Press International

NEW YORK — Merrill Lynch, Pierce, Fenner & Smith Inc. reported a 10.2 percent increase in second-quarter earnings, to \$125.5 million, from \$114.2 million in the same period last year.

It said this represents a second-quarter growth of 3.6 billion francs, or 3.3 percent, over the first quarter.

PepsiCo

United Press International

WHITE PLAINS, N.Y. — PepsiCo Inc. reported a 10.2 percent increase in second-quarter earnings, to \$125.5 million, from \$114.2 million in the same period last year.

It said this represents a second-quarter growth of 3.6 billion francs, or 3.3 percent, over the first quarter.

SmithKline Beckman

United Press International

PHILADELPHIA — SmithKline Beckman Corp. reported a 10.2 percent increase in second-quarter earnings, to \$125.5 million, from \$114.2 million in the same period last year.

It said this represents a second-quarter growth of 3.6 billion francs, or 3.3 percent, over the first quarter.

Other Earnings

United Press International

NEW YORK — Other earnings for the second quarter of 1983 were:

— Philip Morris Inc. reported a 10.2 percent increase in second-quarter earnings, to \$125.5 million, from \$114.2 million in the same period last year.

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